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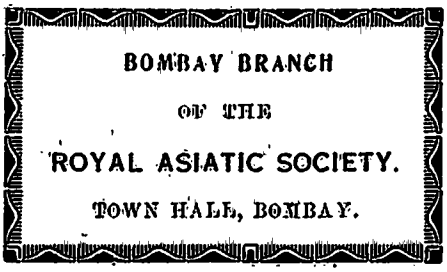

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Federation of Indian Chambers of Commerce and Industry.

PROCEEDINGS

OF THE

SECOND ANNUAL MEETING

HELD AT

CALCUTTA,

on 28th & 29th December 1928.

1929.

With compliments of the Secretary
Federation of Indian Chambers of Commerce and Industry
Calcutta.

Federation of Indian Chambers of Commerce and Industry.

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THE

Federation of Indian Chambers of Commerce.

Proceedings of the second Annual Meeting held at Calcutta on 28th December 1928.

The Second Annual Meeting of the Federation of Indian Chambers of Commerce was held in the Dalhousie Institute Hall, Calcutta, on Friday, the 28th December 1928, at 11-0 A.M.

Sir Purshotamdas Thakurdas, KT., C.I.E., M.B.E., M.L.A., the President of the Federation, received at the entrance H. E. the Rt. Hon'ble Edward Frederick Lindley Wood Baron Irwin of Kirby Underdale, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India. The President then introduced to H. E. the Viceroy, Mr. G. D. Birla, M.L.A., Vice-President, Lala Harkishenlal, Lala Shri Ram, Mr. Walchand Hirachand, C.I.E., Mr. D. P. Khaitan, Mr. W. C. Bannerjee, Mr. Kumar Krishna Kumar, Mr. B. F. Madon, Members of the Executive Committee and Mr. J. K. Mehta, the Hony. Secretary.

Among those present were H. E. the Governor of Bengal, the Hon'ble Sir George Rainy, K.C.I.E., C.S.I., Commerce Member, the Hon'ble Sir Bhupendra Nath Mitra, K.C.I.E., Member for Industries and Labour, the Hon. Nawab Nawab Ali Chaudhuri, the Hon. Mr. Moberly, the Hon. Sir P. C. Mitter, the Hon. Raja of Santosh, the Hon. Raja of Nashipur, Sir Rajendra Nath Mookerji, Mr. C. L. Colvin, the Maharaja of Mymensingh, Mr. B. E. G. Eddis, Mr. K. C. Neogy, Mr. W. D. R. Prentice, Mr. T. H. Elderton, Mr. W. C. Wordsworth, Mr. B. Das, M.L.A., Sir Sarupchand Hukumchand, Mr. D. P. Khaitan, Mr. Walchand Hirachand, Mr. L. R. Tairsee, Mr. R. H. Gandhi, Mr. S. K. Bhatter, Mr. H. P. Bagaria, Mr. B. M. Birla, Mr. Faizulla Gangji, Mr. Mavji Govindji, Mr. Anandji

Haridas, Mr. K. J. Purohit, Mr. H. Tufnell Barrett, Mr. R. L. Walker, Rai Bahadur A. C. Banerjee, Hon'ble Mr. G. A. Natesan, Mr. C. Gopal Menon, Mr. Adamjee Hajee Dawood, Kh. B. A. Chandoo, Rai Bahadur Ram Ran Vijaya Sinha, Mr. R. C. Pandit. Mr. Beniprasad Dalmia, Mr. Begraj Gupta, Mr. Jamshed N. R. Mehta, Sir Shapurjee Billimoria, Mr. Shrikishendas H. Lulla, Mr. M. L. Dahanukar, Mr. Chunilal Bhaichand Mehta, Rai Badridas Goenka Bahadur, C.I.E., Mr. T. C. Munshaw, Mr. Mahomed Ismail, Mr. A. L. Ojha, Mr. Kumar Krishna Kumar, Mr. U. S. Chowdhury, Mr. J. C. Ghose, Mr. Hirachand Vanechand Desai, Mr. Khataubhai Morarji, Lala Shri Ram, Mr. R. J. Udani, Mr. K. M. Banthiya, Mr. Jadunath Roy, Mr. A. D. Addy, Mr. Ratilal M. Gandhi, Mr. C. S. Rangaswami, Babu Hrishikesh Shaw, Mr. J. K. Mehta, Mr. R. K. Sidhwa, Mr. M. P. Gandhi and other representatives* of various Chambers and Commercial Associations, Members of the Federation.

The President, Sir Purshotamdas Thakurdas, Kt. C.I.E., M.B.E., M.L.A., in requesting His Excellency the Viceroy to declare the proceedings of the Second Session open said :

YOUR EXCELLENCIES AND GENTLEMEN,

I have great pleasure, and I regard it as a privilege to welcome Your *Excellency—the Viceroy and Governor General of India—to* this, *the second Annual Meeting of the Federation of Indian* Chambers of Commerce. I also extend our cordial welcome to His Excellency the Governor of Bengal and to the Members of the Government of India who have honoured us by their presence to-day.

The news regarding His Majesty's health has lately been more cheering and I am sure I am voicing the feeling of the Indian public generally, when I say that, we sincerely trust that the progress to recovery will be a steady one, and that His Majesty will soon recover completely. I expect in due course to forward to Your Excellency a resolution, which, I am sure, will be passed this

*List of affiliated Chambers and Associations with their representatives is printed as an Appendix.

afternoon before we start with the business of this meeting, for favour of forwarding the same to Her Majesty the Queen Empress.

In the few observations which I propose, with Your Excellency's permission to make on this occasion, I wish to outline briefly the history and objects of the movement represented by this Federation, explain its attitude to Government and also to British commercial interests, and to make a few suggestions relating to some of the immediate economic needs of the country.

Indian trade and industry have a long and ancient history. Their importance was recognised and the mercantile community was an integral part of Indian polity, from the earliest time. Since the advent of British Rule, however, foreign trade has tended to bulk more, and to engage a larger measure of official interest, than the indigenous commerce and industry. Indian thinkers for over a generation have felt that the fiscal and economic policies of the government require to be adapted to the economic needs and conditions of the country and the germ of the present movement is to be found in their writings and speeches. The most prominent names in this school of thinkers, which I recall with gratitude, are Dadabhai Nowroji, Romesh Chunder Dutt and Ranade; two of these were the first originators of the Swadeshi movement, which for many years remained in a latent state until it gained strength on the Partition of Bengal in 1905. Indian commerce and industry then became conscious of its distinctive rights and responsibilities. First an Indian Industrial Exhibition, and then an Industrial Conference, became associated with the Indian National Congress movement. One often hears it said that economics should be entirely dissociated from politics. This is impossible, even if it be admitted for the sake of argument that it is desirable. Every year sees the power of organised industry exercised more strongly on Governments, either in the form of social legislation, trade control, or tariffs to protect existing and encourage nascent industries. We can no more separate our politics from our economics than make the Sun and Moon stand still. On the contrary, we ardently desire to see the two more closely associated, and the power of Government steadily directed to raising the economic standard of our people and so build up a more prosperous and happier India. The Indian Merchants' Chamber of Bombay had its origin in the political and

economic renaissance to which I have referred. Other Chambers followed and in 1915 the idea of a commercial Congress for all India took birth; the first Congress was held that year under the Presidentship of Sir Fazulbhoy Currimbhoy. The fifth and last Industrial Congress was held last year at Madras under the Presidenthsip of Sir Ibrahim Rahimtoola. Hereafter it is expected that the Annual Meeting of the Federation will obviate the necessity of having a Commercial Congress, except under special circumstances.

This brief review of the history of this movement is necessary to understand that Indian commerce and industry are intimately associated with, and are, indeed, an integral part of the national movement—growing with its growth and strengthening with its strength. Much misunderstanding is due to this important fact not being sufficiently recognised. The ideal of the national movement in the political sphere, namely to make the Indian nation united, prosperous and progressive, is also the ideal of Indian commerce and industry in the economic sphere. Many of our European friends and even some Indians do not realise that, deprived of its inspiration in Indian nationalism, Indian commerce and industry might be reduced to mere exploitation. The attitude of the Indian commercial world to Government and British commercial interests can be rightly appreciated only if this great fact is understood. Indian commerce and industry cannot make terms with the one or the other at the expense of national interests. At the same time, peace and order, security of person and property, are in India, as elsewhere, the first requirements of commercial and industrial well-being; and Government may count upon the support of Indian commerce to every well-considered measure having for its object the promotion of these prime interests. If, on some occasions Indian commercial representatives have found themselves unable to accord their support to Government measures, it is because they were not convinced that the security aimed at could not be assured by the use of the existing powers of Government. They also felt that excessive powers in the hands of an Executive not responsible to or removable by the Legislature are apt to be used in ways which would lead to serious and wide-spread discontent in the country, which is not a condition favourable to economic progress. Indian merchants and business

men are in close contact with the masses, and are the first to feel the effect of any serious discontent in the country. They are, therefore, in the best position to appreciate the probable effect of any legislative action and if they find it necessary to oppose a measure specially designed to ensure public safety it should be presumed to be dictated by motives not only of self interest, but also of the public welfare. Mutual confidence and more frequent consultations between Indian commercial bodies and Government will lessen the opportunities of difference, and ensure for Government measures the support not only of those directly interested in commerce and industry, but also of the large body of the public.

As for British commercial interests, once they realise that Indian commerce is a phase of Indian nationalism, they will cease to misunderstand its attitude on some important questions which affect them. For my own part, I look forward to the time when the distinction between Indian and British in the commerce and industry of the country will disappear, and both British and Indian industrialists and business men will work harmoniously together in promoting the economic well-being of the country. Such co-operation even now is not rare, and it is bound to grow as Englishmen in India understand that Indian leaders have no predatory intentions, and that in a self-governing India, British interests will be as secure as at the present day. They should recognise, however, that Indians have the same right to a predominant share in the commerce and industry of their country, as other nationals have in their countries, and should not misinterpret their attempts to obtain it as an attack upon British interests in India. One sometimes hears of claims to a stake in the country computed in terms of amounts of British capital invested. I cannot help thinking that arguments against our national aspirations based on such claims are derogatory to the high plane on which the relations between Britain and India should always rest. Otherwise, it is not difficult to argue on the other side, that, even in terms of money, Britain has recovered from this country much more than the amount of British capital invested in India, and that after all the stake of the Indian Merchants in India is very considerably larger, in fact many thousand times larger. But the relation between the two countries must be decided by higher considerations and on broader grounds than those of rupees, annas and pies.

This Federation recognises that the prosperity of the commercial and industrial classes, is, and can only be, founded on the prosperity of the masses in India, namely, the agricultural classes. We are, therefore, keenly alive to, and grateful to Your Excellency for your personal interest in the well-being of India's agriculture. Lord Mayo established the Department of Agriculture with the help and advice of A. O. Hume, the founder of the Indian National Congress some sixty years ago. Several Viceroys after him, especially Lord Curzon, interested themselves in the improvement of agriculture and the condition of the agriculturists. The Linlithgow Commission's opinion on the present condition of the industry, however, is that these efforts have not appreciably improved the lot of the cultivator, or of the state of the industry. The central recommendation of the Commission is to institute a Board of Research. Research has been of great utility in helping agriculture in advanced countries, but the capacity to utilise the results of research presupposes a wide diffusion of, at least, elementary education, and, the financial resources to invest capital in the necessary fertilisers, machinery, etc. The former does not as yet exist in this country. The establishment of a nation wide system of elementary education on a free and compulsory basis is, therefore, a most urgent condition of agricultural, as of all industrial development. I may add that more substantial results are to be expected in this, as in other directions, by utilising the immemorial tradition of Indian experience, than by discarding it as useless, and establishing in the country a system entirely foreign to its genius and habits. Regarding the financial resources of the agriculturists, the credit of the bulk of them is still so low that at least in one important Presidency the Central Co-operative Bank finds it difficult, in spite of having resources at its command, to assist more than about 18 per cent. of the agriculturist borrowers in typical cotton areas. The rest have to borrow from the local sowcar and the much-abused money-lender at rates of interest varying from 10 to 50 per cent. per annum.

There is one point which has perhaps been overlooked by the Agricultural Commission—or which was possibly beyond its scope—, namely, the price which Indian raw material secures in the markets of the world. There are many directions in which Indian interests can be better safeguarded and Indian raw materials be given fairer valuation in these markets than at present. As Your Excellency

knows, the Agricultural Department of the United States of America by passing the Cotton Standards Act in 1923 compelled the whole world to trade in American cotton on no other standards except those prepared by that Department for American cotton. The Act imposes heavy penalties (up to six months' imprisonment) on any American citizen buying, selling, either quoting or receiving quotations based on any standards other than those of the United States of America. The cotton trade of the whole world has more or less been compelled to fall in a line with this. The latest information from America is that American shippers have been successful in securing the establishment at Bremen, Havre, Rotterdam, Ghent and Brussels of super Appeal Boards or Committees by which all disputes regarding the quality, etc., of American cotton will be decided. On these Committees the American shippers are represented equally with European buyers of American cotton. No unwarranted running down of the raw material of America is thus risked, and this somewhat exceptional measure has been successful only because the cotton trade of America has behind it the whole-hearted support of the Government of the United States of America, who are actuated by the ideals of increasing the reputation and good name of American cotton and securing a fair price to its growers. I do not pretend that Indian raw material is, in every respect, exported in the most perfect condition, but it cannot be claimed, either, that American cotton is marketed in such a satisfactory state as to be incapable of improvement. At the moment, the Indian shipper has no voice in the cotton exchanges; or for the matter of that in any exchanges, where Indian raw materials are traded in, in any part of the world. I may say that even in India the Central Government have not yet been able to devise uniform standards for trading in the same variety of cotton all over the country.

Regarding the export of jute which is the monopoly of India, and a necessity of the world, the commercial Sale Rooms of London where the jute business is transacted, if they keep any nationals from their precincts, they keep out Indians. There are other Sale Rooms in London which definitely refuse to take Indians as their members. I mention this in order that Your Excellency may realise, in correct perspective, the feelings with which Indians who see those conditions in foreign countries return here owing to such handicaps.

I am sure that if the Government of India took some interest in removing these handicaps on Indians, they would not have to work long in securing us redress. I need hardly add that such a step, when achieved, will materially assist the Indian grower in several directions. It would help against an unwarranted lowering of the value and reputation of Indian raw materials in world markets, and would further facilitate the marketing of Indian produce abroad.

One legislative measure which was before the Assembly at Simla last September has called for more criticism than usual—I refer to the Coastal Reservation Bill. Responsible British commercial representatives allege that the Bill, as drafted, is nothing short of a measure of "expropriation." As the Bill is at present in the most important stage of all, namely, the Select Committee stage, I will not say anything more than that it is for the European commercial representatives on the Select Committee of the Assembly to convince the other members of the Select Committee of this undesirable aspect of the Bill.

The country notes with satisfaction the beginning made under Your Excellency's Government for the training of Indian boys as officers on the "Dufferin". During the last sixty years for which the British Companies have had the practical monopoly of Indian Coastal Trade, not only has the slighest chance or opportunity not been afforded to Indians to be trained or to serve as officers or engineers on their ships, but all possible means have been employed by the vested interests to prevent Indians from participating in the vast carrying trade of this country. The Indian commercial community also continuously had reason to complain of the comparatively scant attention which their requirements have received at the hands of the non-Indian companies. Moreover, what the Bill aims at is no more than what is or has been, for many years the law in practically all the maritime countries of the world, not even excluding several parts of the British Empire; and it must be remembered that what is being complained against so bitterly is one of the recommendations of the Indian Mercantile Marine Committee appointed by the Government of India about five years ago.

In requesting Your Excellency to declare the proceedings of the meeting open, I wish to tender to you the sincere thanks of my

Committee and myself for the honour that you have done us by your presence this morning. I hope that this is only the beginning of a new era in the life of Indian commerce in India. We appreciate the honour that you have done us this morning and as representing Indian commerce let me hope that we may have the privilege of welcoming His Excellency the Viceroy and the Governor-General of India and his Cabinet to similar Conferences hereafter to deliberate with us on a common platform on the best means of securing the economic development of India.

His Excellency the Viceroy, in declaring the proceedings open delivered the following address:

PRESIDENT AND GENTLEMEN,

At the outset I wish to echo the hopes expressed by Sir Purshotamdas that the anxiety which we feel in regard to His Majesty the King-Emperor's health may soon be relieved. Though anxiety must still exist, our earnest prayer is that the slow progress which His Majesty is now making will be maintained and that it will not be long before that progress has been translated into a complete restoration to health. It will be my privilege to forward the message of sympathy, to which you have referred, to Her Majesty the Queen.

I know that I am speaking not only for myself, but for the other members of my Government who are here to-day, when I give expression to the pleasure we feel at being present at the deliberations of this Conference.

As you have said, Mr. President, your Federation is still in its infancy, and I heartily welcome the formation of an organization which will express the considered and authoritative opinion of Indian commercial and industrial interests, and facilitate consultation with the Government on all matters affecting the economic welfare of India. In a vast country like this it must frequently happen that measures which are pressed on the Government by such interests in one part of the country may be economically disadvantageous to other parts, and it is clearly, therefore, the more important that representatives from all quarters should meet together in an organization such as you have formed, and learn to give and take in evolving a common policy for India's economic prosperity.

This diversity of conditions is reflected to some extent in the present trade outlook, for although the progress of Indian trade is now generally more favourable, there are clouds over the rice, coal and cotton trades which darken the picture. Your President has referred to certain difficulties from which Indian trade is now suffering, and some of these, as he has said, are caused by the low prices which Indian produce obtains in the markets of the world. This no doubt is due in some cases to defective methods of marketing, but it would hardly be correct to say that the Royal Commission on Agriculture has overlooked this point, for it has devoted an important chapter to the subject. The views and recommendations of the Commission are receiving the careful attention of the Government of India and of local Governments, but the root of the whole matter appears to be this: that there is no incentive to the primary producer to improve the quality of his produce, unless he is sure of an adequate premium for improved quality. Quality is now receiving increased attention in the world's markets, and commands substantially higher prices. Indian traders can give a powerful impetus to improved production by passing on a fair premium to the primary producer, and may thereby do much to increase the wealth of India generally, and of the agricultural classes in particular, on whose prosperity, as Sir Purshotamdas has said, the prosperity of the commercial and industrial classes themselves depends.

The Agricultural Commission has also stressed the value of organizations on the lines of the Indian Central Cotton Committee, on which your President has played so important a part. The success of any such organization must depend primarily on the initiative and energy of the trade concerned; but the Government is willing to do what it can to encourage and assist, and in particular to enable any trade to finance its organization by undertaking at its instance legislation to impose a cess. Such organizations need not be limited to trades dealing in agricultural produce. We have recently consulted the Chambers on a proposal to impose such a cess on hides; and it has been decided to appoint a small committee under the Chairmanship of Dr. Meek, the Director-General of Commercial Intelligence, to examine details. It is satisfactory too that the Indian Mining Federation should be contemplating an organization, financed by a cess, to improve the production and popularize the use of domestic coke, and should be making an active endeavour to face the difficulties from which the coal industry is now suffering.

But trade organizations in India, if they are to be fully effective, require an "opposite number" in countries abroad, where their principal markets are, who can furnish them with continuous and up-to-date information on the standards of quality demanded, fluctuations in prices, tariffs and trade regulations and other matters of importance to the Indian exporter; who can effect trade introductions, and smooth the way for Indian merchants visiting those countries; and who can investigate the potentialities of wider markets and opportunities for extending Indian trade. Indian merchants have not always agencies on whom they can rely in other countries, and here is a gap which can be at least partially filled by the appointment of Trade Commissioners. Mr. Lindsay and his assistants, Mr. Gupta and Mr. Asli, besides the valuable work they have done in England, have also been preparing the way for the location of permanent offices in other parts of Europe, and Sir Atul Chatterjee, who has already done much for Indian commerce during the tenure of his present office, has submitted proposals for the appointment of Trade Commissioners at Hamburg, Milan and New York. You will remember too that a Commercial Mission visited the Near East and Africa in the early part of this year, and in the course of their valuable report they have recommended the appointment of Trade Commissioners at Alexandria, Mombasa and Durban. These recommendations are now under review. I should like to take this opportunity of acknowledging the cordial welcome that our Mission received in South Africa and all the other countries they visited. This Mission, as you know, originated in the report of the Tariff Board on the Cotton Textile Industry, which laid emphasis on the fact that the development of an export trade was a matter of vital importance to the Bombay mill industry. For many months this industry has been passing through difficult times. Production in Bombay has been stopped by labour troubles, and the output of cotton manufactures in India as a whole has consequently been seriously reduced. It is however a striking fact that in spite of this fall in production, imports of cotton goods have been actually less for the first six months of this year than in the corresponding period of last year. The inability of foreign manufacturers to increase or even maintain their imports into India when production in Bombay had almost ceased, suggests that the Bombay industry would not be assured of finding salvation by raising prices for the consumer through protective duties, and that the remedy must be

sought elsewhere. The remedy is surely co-operation between employer and labour to reduce the cost of production. Here and in some other industries, India, I think, is reaching the stage when labour can economically earn the wages that it properly demands in order to raise its standard of living, only by more efficient work. Indian industry can only hold its own against world competition by a combined effort,—an effort by employers to reduce overhead charges, and by labour to increase the efficiency of its work.

In addressing an audience of businessmen, many of whom are large employers, I need make no apology for alluding to the conditions of industrial labour. India has not, of course, any more than other countries, been free from labour unrest in the past, but all of us must have observed, with very great concern and regret, the outbreak and continuance of labour troubles all over the country which has been so marked a feature of this past year. It is difficult for me to lay sufficient emphasis upon the appalling waste of resources, the set-back to general prosperity, the sufferings and privations of the innocent, the dangerous passions of class-hatred and mob-violence, which are the inevitable outcome of a series of conflicts between employer and employed, such as have disfigured the industrial record of the present year in India. When I say that it has been reliably stated that in the first nine months of 1928 at least thirty million working days have been lost owing to trade disputes, and that the total loss in wages only on this score has been estimated at the gigantic figure of $4\frac{1}{2}$ crores of rupees, I am still taking no account of the vastly greater losses of the employers of labour which, in the Bombay Mill Strike alone, have been computed at no less than fifteen crores of rupees. It is easy to picture to oneself what all this means when translated into privations of women and children, the ruin of family life, the arousing of passions which it is easier to set loose than to control. The organization of labour for its legitimate purposes is always to be welcomed; but if that organization is to be merely a weapon in the hands of men whose thoughts are often directed less to the true welfare of the labouring classes than to disturbance for unworthy ends, it is likely only to become a danger and menace to society instead of a source of strength to its own members. I would earnestly ask you to consider whether there is any action which you as employers and we as Government can take to prevent the recurrence of such a situation.

The conditions, under which Indian industrial labourers work, have come in for some severe criticism recently on the part of observers from outside. I am far from suggesting that all the comments of our temporary visitors have been justified, or made with a fair sense of proportion and appreciation of the difficulties peculiar to this country; but an impartial survey of recent happenings in the industrial world has made me feel that we must all be prepared to join hands in the search for remedies, that may promise relief from the present state of affairs. We shall all agree that a feeling of discontent and of injustice, if it exists, provides just the soil and atmosphere necessary for the professional agitator, and for the even more insidious activities of those who, for reasons of their own, aim at the break up of the existing order of society. That such persons have been at work during the past year we all know. I am asking you to-day to co-operate with me in exploring means of action to meet their operations by removing, so far as lies within our power, the conditions which provide them with their opportunity. Because here I feel sure that you as employers and we as Government can co-operate. For instance, we have recently placed before the country proposals which are designed to facilitate enquiry into, and settlement of, trade disputes by impartial tribunals. But the setting up of such machinery will not in itself be sufficient to eliminate industrial conflicts. It must be supplemented by action on the part both of employers and workers. In England, for example, much has been done to prevent disputes coming to a head, through machinery set up within trades and industries by employers and workers themselves, so that the Government machinery for enquiry and settlement is regarded as the last line of defence, the final Court of Appeal to which in extreme cases only should reference be made. I have mentioned this specially as one example of the way in which more direct relations might be established between employers and labour. Since I came to India, I have been impressed by the fact that in some of the organized industries here the workman seems to be separated from the employer to a degree which is unknown in England. I recognize that this is no doubt the result, to some extent, of factors over which employers have little or no control, such as the illiteracy of the workman and in many cases the brevity of the period which he is prepared to devote to industrial pursuits. But it seems to me that there may be other obstacles more susceptible of removal, which come between employers and those for whose

welfare they are responsible, and that possibly by the reduction in some cases of intermediaries or, perhaps, by other methods, more direct relations by which the person of the employer might be brought into contact with the person of the man might be established.

In other matters also I suggest that we have something to learn from other countries. India, from the point of view of industry, is comparatively speaking a young country and we have, therefore, an exceptional opportunity of profiting by the experience of others. I am not suggesting that all the measures which have been found successful elsewhere can automatically be applied to Indian conditions, but I do believe that there is here a wide and fruitful field which has not yet been thoroughly explored.

During the last five or six years India has made considerable progress in labour legislation. Most of our important Acts, such as the Factories and Mines Acts, have been entirely remodelled, and others, such as the Trade Unions Act and the Workmen's Compensation Act are new. But in the field of labour legislation great advances have been made in recent years in Western countries, and new ideas and new methods are being constantly canvassed and examined, so that we in India may still benefit from their experience, before we rest satisfied that our existing legislation is entirely adequate and suitable.

In our consideration of these impotant matters I have no doubt that we shall be able to count upon your assistance and that you will readily give us the benefit of your great experience.

As you, Sir, have said, the development of Indian commerce and industry is intimately connected with the national movement. The ideal of "making the Indian nation united, prosperous and progressive," is one with which every Britisher should sympathize, for such an ideal is the natural issue and fulfilment of everything that Great Britain has tried, and is trying, to do in India. But at times anxiety to reach this ideal tempts some to accept an economic outlook which seems to be narrower than the facts of world experience sugggest.

Legislative short-cuts are sometimes dangerous means to use in days of an increasing economic inter-action between all parts of the world, and may very easily do more harm than good to the cause they are meant to serve.

You have referred, Mr. President, to the interaction of British and Indian commercial interests. It is, I think, almost a truism to say that Indian commerce and industry will only make good by a constructive effort in which British commercial interests, we may be sure, when fairly approached, will not be slow to co-operate. As you, Sir, have told us, such co-operation is even now not rare. Thanks indeed largely to the efforts of Sir Purshotamdas Thakurdas himself, in the great cotton industry Indian and British businessmen are already working harmoniously together for a common end on the Indian Central Cotton Committee, the East India Cotton Association and the Bombay Millowners' Association.

We find other recent instances of co-operation in the formation of an Indian Accountancy Board, the proposals for which have been worked out by an informal committee of prominent Indian and British accountants with the assistance of the Commerce Department, and also in the unanimous recommendations of the Indian Road Development Committee, under the chairmanship of Mr. Jayakar, which included members of all parties in the Legislature, the European Group as well as the Congress Party, Nationalists, Independents and Muslims, and the Government. I sincerely welcome, the President's hope that the time will come when Indian and British commerce and industry will work gladly together without distinction of race or creed. You have referred, Sir, to the Coastal Reservation Bill which was before the Assembly last session. The position of Government has been repeatedly made plain on this matter, and in view of the fact that the Bill is now in Select Committee, though I thought it right to restate the broad position of Government in regard to it, I have not thought it proper to enter into detailed consideration of its provisions. I am more concerned, if I can, to induce British and Indian opinion to join in searching out a solution that might reconcile the conflicting points of view. There are, however, two things I would say on the subject. The future of the Indin mercantile marine depends primarily on the success of the *Dufferin,* and of the supplementary arrangements which the Government are now making to train Indians as marine engineers and as wireless operators. It was said by the maker of the greatest maritime power in ancient Greece that "it is men, not walls or ships that make a city." And in modern times the experience of countries that have tried to create a mercantile marine, has shown that every

thing depends on personnel. I cannot bring myself to believe that an Indian mercantile marine can be or would be created merely by legislative action to transfer the profits of the coastal trade, which appears to give only a moderate return on the capital invested, from British to Indian shareholders. On the long view, it is the training of personnel that I believe to be fundamental to the whole matter. In this vital matter ungrudging assistance and support are being given by British interests. British shipowners are active members of the Governing Body of the *Dufferin*. British shipbuilders have willingly agreed to take Indians as apprentices in marine engineering in their yards. The Marconi Company is preparing a scheme for training Indians as wireless operators and watchers. It is essential for the future of the Indian mercantile marine that this sympathetic interest should be maintained.

In the second place, it is not infrequently said that there is precedent for this Bill in other parts of the Empire, and that Australia in particular has reserved her coastal trade in the manner that is now proposed for India. But anyone who has read the relevant sections of the Australian Navigation Act, must be aware that they relate only to *personnel*, and that their object is to secure that Australian seamen employed in the coasting trade will receive as good wages as Australian workers employed on shore. So far is it from being true that the Australian coasting trade is reserved for Australian-owned ships, that the Australian United Steam Navigation Company, which is engaged in the Australian coasting trade, is actually financed exclusively by British capital and is controlled by a London Board of Directors.

There is, indeed, no precedent in the British Empire, nor so far as I know, in any other country or Empire, for legislation which would reserve the coastal trade for any one class or race of citizens. India, in her relations with other parts of the Empire, has always stood for equal economic opportunity for all classes or races of His Majesty's subjects and I can hardly believe that on examination any proposal which is inconsistent with this principle will be to the interest of, or secure the approval of, the people of India. I have already stated that the ambition to create an Indian Mercantile Marine is one with which I have every sympathy and which I have every desire to support. But I would venture to assert that co-operation and

not discrimination is the best means of bringing it to fruition; a drastic reversal of the principles on which the commerce of the world is based is not likely in the long run to be either a reasonable or an effective substitute for fair competition.

It is no doubt true as you have said, Mr. President, that the Government of India and Indian commercial interests do not always see eye to eye. I fancy that there are other spheres of the great and varied life of India of which the same thing could be said, and, indeed, if it were otherwise, Government would be no Government, for it is impossible to please "all of the people all of the time." It has, therefore, been a great satisfaction to me to meet your representatives here and to learn from you, Sir, how you on your side see the various problems for which it must be our joint effort to find a satisfactory solution. The commerce and industry of a country are its very life blood, and their prosperity reacts quickly and surely on the welfare of every individual citizen. Any Government worthy of the name will realize that one of its first duties is to foster and strengthen the commercial life of a country by any means that lie within its power, and it cannot but be grateful for the advice and frank criticism of representative bodies, such as the Federated Chambers of Commerce.

In conclusion, Gentlemen, let me once again assure you of the pleasure I have felt in coming among you this morning and of the warm interest I take and shall continue to take in the welfare of your organization. I now have great pleasure, as it is my duty and privilege, to declare the proceedings of this Conference open. (Applause).

Mr. G. D. BIRLA, M.L.A., Vice-President of the Federation, in proposing a vote of thanks to H. E. the Viceroy remarked:

GENTLEMEN, I am sure you would like at this stage to express our sincerest and most cordial thanks to His Excellency the Viceroy for gracing this occassion to meet the representatives of the Federation of the Indian Chambers of Commerce and thus give us encouragement. Gentlemen, as you all know, the time of the

Viceroy is always most valuable. His duties are multifarious; and it is gratifying to note that His Excellency has been able to spare time out of his so crowded a programme to meet the representatives of this Federation.

GENTLEMEN, although this is the second session of the Federation of the Indian Chambers of Commerce, we have been assembling annually since 1915 in one form or another and yet this is the first time that we have the honour of having in our midst so eminent a guest as His Excellency the Viceroy, and this, in a way, opens a new era in the annals of this Federation.

GENTLEMEN, with this Federation we have got 29 mercantile bodies affiliated from all parts of India. We are therefore in a position to claim a representative character so far as Indian commerce and industry goes. We can claim that if there is any body which correctly represents the views of Indian Trade and Commerce, that is the Federation of the Indian Chambers of Commerce. It is gratifying to note that our importance has been recognised by His Excellency and he has been pleased to honour us with his presence.

The new chapter so auspiciously opened by His Excellency, I hope, will bring the Government into closer relations with the mercantile opinion of the country, and the precedent set by His Excellency will continue to be followed.

GENTLEMEN, I again thank on your behalf His Excellency for taking keen interest in the Federation of Indian Chambers and I also thank on your behalf His Excellency the Governor of Bengal and I hope you will all join me by acclamation. (Applause).

The President: The Conference stands adjourned till 2-30 p.m. in the after-noon.

AFTER NOON PROCEEDINGS:

December 28, 1928.

2-30 p.m.

The President, Sir Purshotamdas Thakurdas, KT., C.I.E., M.B.E., M.L.A. was in the chair.

Government Members present:

The Hon'ble Sir George Rainy, K.C.I.E., C.S.I.

The Hon'ble Sir Bhupendra Nath Mitra, K.C.I.E.

THE PRESIDENT:—Before we proceed with the business on the agenda I think I need only read the first resolution for your acceptance and I take it, it will be carried unanimously:

"The Federation has learnt with great gratification of the improvement in His Majesty the King Emperor's health and hopes that this progress will continue and His Majesty will have a speedy recovery."

I propose to send a copy of the resolution to His Excellency the Viceroy with a request that it be passed on to Her Majesty The Queen Empress.

The resolution was carried.

Lala Lajpat Rai.

THE PRESIDENT—The next resolution that I shall also put from the chair is:

"The Federation records its great grief at the death of Lala Lajpat Rai and places on record its sense of grievous loss to the country."

The loss to the country by Lala Lajpat Rai's sudden death is a national loss. It is a loss to the commercial and industrial community of the country as also to the Indian political world and I move this resolution for your acceptance. I am sure you desire this resolution to be duly forwarded to Lala Lajpat Rai's family.

The resolution was carried all standing.

INDIAN CUSTOMS TARIFF:

Mr. B. F. Madon (The Indian Merchants' Chamber, Bombay):

Mr. President, and Gentlemen,

The Resolution which has been entrusted to me runs as follows:—

"This meeting urges upon the Government of India "the necessity of re-modelling the Indian Customs Tariff, "and recommends that a Committee of Experts including "representatives of Indian Commercial bodies should be "appointed to go into the question at an early date."

The reason why such an inquiry has become necessary is that our Customs Tariff has grown from a purely Revenue Tariff with an average rate of 5 % to a tariff partly for Revenue and partly to carry out the policy of discriminating Protection. The changes have therefore come in parts, as and when the need arose, and the inter-action of one part of the Tariff on the other parts and on the trade and industry of India, has not been given the attention it deserves, with the result that there have been frequent complaints from various industries that their finished products only carried say 2½% duty or were free while some of their raw materials carried a 15% duty, the result being a handicap of 12½% on such industries in respect of such raw materials, the burden of which was more or less onerous according to the proportion such raw material bore in the constitution of the finished product. While such complaints have been made in the case of particular raw materials which affect particular industries, there are probably others in the case of which the present duty forms a serious obstacle to the very starting of new industries. The policy therefore, of a duty on raw materials which are largely used by existing industries or which could be so used by other industries but for the duty, has to be very carefully gone into and should form an important part of the work of the proposed Committee. This may lead to some loss of revenue but I don't think the Committee would find any very great difficulty in re-adjusting the rates on other items to make up for such loss.

To some it may seem that what I have said so far would indicate that the Committee might well examine the question of whether

India should not revert to Free Trade or a very low revenue duty. It may therefore be well to make it clear that India cannot possibly think of Free Trade for generations to come. Free Trade means the unfettered exchange of commodities between the different countries, so that each commodity may be supplied by the country the best situated to do it at the cheapest rates. When we talk of manufactures in this connection, it means the country best equipped to supply at the cheapest rates, and before we can at all consider Free Trade we must first see that India sets about to equip itself to produce or to manufacture all those commodities for which she has the necessary materials, labour, and markets, at her very door. As we all know, she is not so equipped to-day and imports many things that she could very well manufacture herself. This leads to two very undesirable economic consequences—a very heavy economic drain to pay for commodities that could be produced at home, and the taking away or remunerative work from India's half-starved millions, who to-day make a precarious living from agriculture as their principal occupation. I do not overlook the other argument advanced in favour of Free Trade *viz.*, that advantage to the consumer in being able to get such commodities as he needs at the cheapest possible rates. This argument is superficial and conceals a serious fallacy. Carried to its logical extreme, it would mean that the lot of the savage tribes in the wilds of Africa should be a very happy one as they would not be afflicated with import duties or any other rates and taxes. As a matter of fact, the struggle for existence is the hardest in such states of society. At the other end of the scale, we see the United States flourishing amazingly in spite of import duties perhaps the heaviest in the world. It is all very well to say—let the consumer buy what he wants in the cheapest market, but he cannot buy anything however cheap it may be if he has not the means to pay for it. I read a story some years ago of the Empress Eugenie that has a moral for us here. She was out shopping and saw a huge crowd of unemployed marching in procession to Westminster and clamouring for bread. She asked a friend who was with her what these people wanted, and was told that they clamoured for bread—they had no bread. The Empress is reported to have replied—If they cannot get bread, why don't they eat Cake. It evidently did not dawn on her that what these people wanted was employment from which they could get the wherewithal to pay for their bread. This story has a lesson for England too if she will take it. She

wants to sell more to India, but does not see that India must first have more income of its own to be able to pay for such larger imports. India's purchases per head from other countries are perhaps the lowest in the world, and far lower than the other Dominions, and they can only increase if India developes its own resources to the fullest possible extent. Those who advocate Free Trade for India are as blind to the real needs of the situation as the Empress Eugenie was. They do not see that the first essential for the children of the country is adequate employment for all who are able and willing to work. If they cannot get adequate employment, if they cannot even earn the modicum necessary to keep life and soul together, it is a heartless mockery to tell them that Free Trade is the best for them because they will get their things cheaper. It is most remarkable that every advanced country outside the Empire has discarded Free Trade. It is still more remarkable that the Dominions—peopled largely by England's children, and therefore presumably imbued with English traditions—should have discarded Free Trade. England is, I believe, the only country that has in the past fifty years held out for Free Trade, but that was because she had equipped herself for industrial production far in advance of other nations of the world, and was therefore in a position to benefit most by such a policy, but even England has discarded Free Trade to-day through the McKenna and the safe-guarding duties, although she still wants the world to believe that it is not a change from the policy of Free Trade. I would not have taken up your time with these remarks, were it not that some who claim to be the friends of India still preach Free Trade to her as the best policy. The Committee that we are to-day asking for will not, I trust, be led away by such sophistries, but look at the problem from the point of view of providing more avenues, and more diversified avenues of employment for India's starving millions, enabling them thereby to earn the wherewithal to pay for their daily bread.

One part of the problem that they will have to consider is whether the figure of the General Revenue Tariff should not be pitched higher. I consider this very necessary in order to give India the power of negotiating with other countries in the interests of her own products. To negotiate successfully—which means to induce the other party to the negotiations to make certain concessions in favour of certain Indian products—we must have something to give, and that something must be substantial enough to offer

sufficient inducement to the other country. India's position in this respect is very weak to-day, as a large majority of our imports pay 11% or less, and leave very little room for such concessions.

This brings me to the question of Imperial Preference, because a policy of this kind cannot be considered until the General Tariff is at a pitch which leaves room for such Preferences without hurting Indian industries and thereby taking the bread out of the mouth of thousands of India's own children. This question of Imperial Preference has been before us for many years, and all thoughtful Indians have always turned it down. Our Anglo-Indian friends have somehow got the conviction that the refusal to accept this policy is due to political bias. May I point out to them that if words have any meaning such Preferences can only be shown by a country that is a free agent—free to prefer if it chooses to. If a country is forced from above to "prefer" the products of one country as against another, it is most certainly not Preference but exploitation. Indians have refused, and still refuse to subscribe to the policy of Imperial Preference, because, as the constitution stands to-day, India is not a free agent—free to choose what may seem best in the interests of her teeming millions—free to shape her own economic destinies. Indians are therefore afraid that acceptance of Imperial Preference to-day might only mean exploitation of India one of the industrially most backward countries—by England—one of the industrially most advanced countries of the world—and the driving to the wall of many of India's existing industrial concerns, and the stunting of all further industrial development in this country. Therefore, if Imperial Preference has to come in this country, it can only come on the lines on which we see it in vogue in Australia the one Dominion that is lauded to the skies every now and then for the Preferences it gives to the products of Great Britain. I will give a few instances that are highly illuminating. We find in the Times Trade Supplement of 20th October, 1928 that the total value of British imports affected by the Preferential Tariff in the previous year was £62·71 millions, of which £29·79 million came in free of duty, while the remaining £32·74 million paid import duties amounting to £10·05 millions. This gives an average of 32·57% on the £32 million odd that were liable to duty under the Preferential Tariff. If this was the average, the rate charged on particular items must have been far higher. This is no mere guess. They have a permanent Tariff Board there to

study the effects of the Tariff on Australian industries, and according to the Manchester Guardian Commercial of 20th September, 1928, this Board recommended, in the case of thread for manufacturing purposes, a General Tariff of 35 to 60%, and a British Preferntial Tariff of 25 to 45%. The Australians don't mince matters when they are at it, because we find in the same paper in its issue of 8th September 1927, that until September 1925 the duty on underwear of any material was 55% General tariff and 40% British Preferential, but even these figures were found not to give the necessary protection to their home manufacture and a duty was imposed on knitted apparel so heavy that the paper called it prohibitive. The Secretary of the British National Federation of hosiery Manufacturers gave more exact figures in the Economist of the 3rd September, 1927. According to him, even after allowing for the Preference granted to British production, the new duties represented 166% on Cotton and 200% on woollen underwear. As against these, don't our 10 and 15% duties seem ridiculously low? and Government here turned down even the very modest 4% recommended by the Tariff Board for our cotton mill industry. You will now see what Australia's conception of Imperial Preference is *ample protection first to its own home industries against all comers not excluding even Great Britain,* and then a chance to British goods as against non-British. Australia has made no secret of this policy. Mr. Pratten—the Australian Minister of Trade and Customs—is reported by the Times Trade Supplement of 6th August 1927, to have said that "the bounty of nature in showering raw materials on Australia put that Continent in a position to develope practically every essential industry, and that *Australia was determined to develope them as quickly as possible, using the Tariff as the quickest and best method of stimulating their growth,* and emphasised that the obvious thing for Australia to do was to create more employment." When the Report of the Economic Conference of the League of Nations was issued, and gave the impression that Sir George Pearce—Australia's representative—had also endorsed the Report, his Secretary wrote to the Financial News (16-10-27) contradicting this, and made it clear that while welcoming the Resolutions of the Economic Conference, and promising that they would receive the earnest consideration which was their due, Australia must reserve to herself the power of safe-guarding its own national and economic life, which was recognised by the Covenant of the

League of Nations as the right of all members. This puts in a nut-shell what every thinking Indian also wants for his own country *viz.*, power to safe-guard the national and economic life of India, and until India has this power, it is impossible for it to even consider Imperial Preference, because this latter must involve at every stage the question of safe-guarding the Economic life of India.

I believe I have said enough to indicate the policy, the methods, and the rates, charged by Australia, the one country whose example in the matter of Imperial Preference India is constantly asked to emulate. Before leaving this subject, I will refer to certain figures put forward under the auspices of the Balfour Committee, and quoted by Prof Vakil in his most valuable memorandum on the subject, published under the auspices of this Federation. The Balfour Committee estimated that the incidence of the Tariff as applied to British goods was in 1924 about 10½% in India and only 9¾% in Australia. This would give the impression to the lay reader that the Tariff was lower in Australia than in India, when as a matter of fact the Tariff has been far higher in Australia on all articles that at all compete or are likely to compete with Australian manufactures. These figures are only another case of how figures can be made to lie if they are not carefully and intelligently handled, and I mention this here merely to warn you against being led away by any such figures, when, as a matter of fact, the duty in Australia is anywhere from 20% to 200% (as in the case of hosiery, etc., that I have already mentioned earlier), and instances of which could be multiplied if necessary. I do not however wish to take up the time of this Conference any more than I can help.

I have indicated above the broad questions of policy that the proposed Committee will have to consider, and do not wish to take up your time with such details as methods of classifications. If I was asked to frame the terms of reference to this Committee, I would frame them somewhat on the lines of these to the United States Tariff Board *viz.*

> To investigate the administration and fiscal and industrial effects of the Customs Tariff now in force, the relations between the rates of duty on raw materials and finished or partly finished products, the effects of *ad valorem* and specific duties, the advisability of duties partly specific and partly *ad valorem*, all questions relating to the

arrangement of schedules and classification of articles, and in general to investigate the operation of our Customs laws including their relation to the Imperial revenues and their effect upon the industries and labour of the country.

In order to carry out this work efficiently, the Committee should have power to investigate the Tariff relations between India and foreign countries, and between the leading foreign industrial countries *inter se,* as long the effect of Export Bounties and preferential transportation rates, the volume of importation compared with domestic production and consumption, and, conditions, causes, and effects relating to competition of foreign industries with those of India including dumping.

The Committee should have these powers so that the inquiry might not be unduly restricted. They will have to see whether India is getting what is known as the "most-favoured-nation" treatment for its products at the hands of other countries, and where this may not be the case, they will have to suggest steps necessary to secure such treatment for our products. They will also have to study the treaties of the leading industrial countries, particularly of Germany and Japan, with other countries in order to understand in what directions these wide-awake countries secured or tried to secure concessions for the products of their own countries, as this would prove valuable guidance to India in her own negotiations in the future. They will have to study the effects of export bounties and of preferential transportation rates given by other countries to any of their products imported into this country, because the former is an open and the latter an indirect and frequently more potent, method of encouraging such exports from their countries into India, to the detriment of not only Indian industry but of that of other countries that do not resort to such methods of unfair competition, and India will have to consider whether, and to what, extent its Tariff should be used to counteract such unfair competition to its own products. I do not think it necessary to take any more of your time to explain why the Committee should have these powers, and will now beg to move that

"This meeting urges upon the Government of India the "necessity of re-modelling the Indian Customs Tariff

"and recommends that a Committee of experts including "representatives of Indian commercial bodies should be "appointed to go into the question at an early date."

Mr. Jamshed N. R. Mehta (The Buyers and Shippers Chamber, Karachi) seconded the resolution. He said:—Mr. Madon has moved the resolution so ably that there is very little for me to say. Mr. Madon has placed before you the important aspects as to why he wants the Committee to go into the Customs Tariff. I do not want to go into the past history as to how the present Tariff is to be served. I think myself it is most unscientific way of arranging the customs Tariff. We should have a systematic method of arranging the Tariff and the Committee should go into the question of arranging the Tariff on a scientific basis. I therefore support the resolution."

THE PRESIDENT:—Before calling upon Professor C. N. Vakil, to support this resolution I would like to mention under what obligation the Federation is to him. He is University Professor of Economics in Bombay and has agreed to advise the Federation whenever necessary in an honorory capacity as a labour of love. The brochure on "The need for the revision of Indian Customs Tariff" has been prepared by him for the Federation with great care and industry, and you will now have the opportunity of hearing him on the same subject.

Professor C. N. Vakil in supporting the resolution said:—

"I am greatly obliged to the President for the very kind words in which he has introduced me to this meeting. In connection with the resolution that is before you, very many points have been cleared up by Messrs. Madon and Mehta; there are other matters of detail which have been explained in my Memorandum which the Federation has published. I shall therefore refer to one or two aspects in a general way.

We frequently hear of the Economic Policy of this country or that. If we ask ourselves what is the Economic Policy of India?, I think we shall have to scratch our heads for an answer. For a country like ours, Economic Policy will have two important aspects. Being predominantly agricultural, the agricultural policy of the country will refer to our internal economic relations. Our external

economic relations—that is with other countries, and the policy in that connection will be reflected in our tariff. The Customs tariff in other words is the expression or the embodiment of our policy guiding our economic relations with other countries.

These relations take the form of trade—imports and exports Our total sea-borne trade is increasing in magnitude. Before the War it was a little more than 400 crores; in recent years it has been more than 600 crores. The direction of our trade has changed since the War. Though the U.K. still holds the first rank both in our imports and exports, her relative position has changed, and our relations with other countries have increased. Whereas 64 per cent. of our total imports came from the U.K. before the War, in recent years it has been less than 50. The fall in exports is not so great; we sent more than 23 per cent. of our exports to the U.K. before the War; now we send less than 22 per cent.

Next to U.K. we had important trade relations with Germany before the War; naturally these were suspended during the War. But the recovery has been rapid. Germany has already reached her pre-war position in our imports, and is very near it in our exports.

But the most important change has been with the U.S.A. and Japan. Our imports from both these countries have increased nearly by 300 per cent. Our exports to them have increased by 50 per cent.

In addition to these important changes, we are working for further development in our trade relations. The Government of India sent a trade mission to Africa and the near West in order to explore the possibilities of Indian trade in that direction. The report was published only yesterday, and let us hope that the new avenues of trade that it has brought to our notice will be taken advantage of.

Besides the trade mission to Africa, we see a movement in favour of the establishment of Indian Trade Commissionerships in important centres. The work of the Indian Trade Commissioner in London has been increased of late; the Government of India have in principle, accepted the idea of creating more Trade Commissionerships; and commercial bodies like this are pressing for early action in that direction, and definite hopes have been given by H.E. the Viceroy this morning.

At the same time, we have a desire for entering into commercial treaties or conventions with different countries with a view to advance the trade of the contracting parties.

For all these steps that I have enumerated which we are taking or intend to take in order to develop our trade, it is the Customs Tariff which is the main pivot round which the various measures must hang. It will thus be obvious that the Customs Tariff has great relations with the trade and industry of the country, and is an expression of our external economic policy in relation to other countries. If this is so, the future economic progress of the country is bound up with the position of the Customs Tariff, and with the way in which it is moulded from time to time to suit the best interests of the country. Hitherto we have neglected the art of tariff making, because till before the War, our tariff occupied a very subordinate position in the financial and fiscal policy of the country. Though the position has now completely changed, and though the Customs tariff happens to be the most important source of revenue to the Government of India, we have not paid sufficient attention to the tariff question from the point of view of the true economic interest of the country; we have followed a policy of drift in this matter more to suit the financial needs of the Government than to carry out a sound economic policy. It is high time therefore that steps be taken to adjust the tariff in such a way that while serving the financial requirements of the Government, it may also serve the best interests of the country's trade and industry in the most effective manner.

In this connection, we have made a small begining in the form of the policy of Discriminating Protection. The idea is that though we desire for an extension of our trade relations with various countries, we have agreed in principle that we shall not allow indiscriminate import of all kinds of goods in the country, and shall restrict the import of such goods as are likely to come in the way of our industrial progress. I do not agree with the policy of Discriminating Protection as now in operation. I consider it a halting policy wholly inadequate for the desired goal under existing tendencies in the industrial world. At the moment, however, I am not concerned with that policy as such, except with its application in practice.

The policy of Discriminating Protection has not yet touched even the fringe of our tariff. We have certain duties on steel and

paper which are called 'protective'; the revenue duties on matches are now given the appelation of 'protective'. This shows that in spite of the adoption of the principle of Discriminating Protection our tariff is mainly a revenue tariff; in addition to this it has been wrongly described as being Super-Protectionist in responsible quarters. In other words, we have determined upon a policy; but we have not applied it wholeheartedly. Why can't we, in the first place, remodel the whole tariff on this principle, and, secondly, have a proper machinery to see that the tariff is adjusted from time to time with changing conditions, in accordance with this principle?

What I mean will be more clear if I explain the American practice in this connection. There are two important things about the American tariff, firstly, the fact that Protection is given to American industries, not because they are infant industries, but because they are gaint industries. The Americans are afraid that if they do not do so they will suffer from the competition of other countries with lower standards of life, and therefore with lower wages. The more important thing for us to consider for the moment is the method that the American Legislation has provided to carry out its intentions. This new high tariff was worked out in every detail and embodied in the law of 1922. But they did not leave that tariff to take care of itself. They are aware that in matters of trade, unforseen changes in different countries disturb economic relations, and that the one method of safeguarding American industry and trade against such events is to adjust the tariff from time to time with changes in the prices of imported goods, with changes in the local cost of production and so on. In order that such adjustments may be done wisely and promptly, a non-partisan body called the Tariff Commission has been appointed, which keeps itself in daily touch with the movements of American trade and changes in other countries which affect that trade. This means that material is always ready at hand for immediate action and the President is empowered to take such action under certain conditions if he considers it necessary to do so.

We in India aim at industrial progress—sufficient to help the large masses of the country out of their abject poverty. And we have adopted Discriminating Protection as a means towards this end. Accepting for a moment that this policy is adequate, what we

find is that it is not fully reflected in our tariff. The procedure is very slow and involves long delays. Each aggrieved industry has to apply for protection. This presupposes that it is already suffering from foreign competition. The application may be referred by the Commerce Department to the Tariff Board. And after the Tariff Board has gone into the question, the Government may approach the legislature for embodying into law the recommendations of the Tariff Board with or without modifications of their own. Take the illustration of two big industries which have been thus dealt with. The First Steel Protection Act of 1924 was out of date by the time it was put on the Statute book. The Government was empowered to take action to carry out the wishes of the Legislature; but they were not in a position to act immediately and the matter had to be once again referred to the Tariff Board; and supplementary protection was granted after some time; during the interval, it is well known that the industry was suffering heavily.

Something similar is true of the Cotton Industry. It required a long agitation on the part of the industry before a Tariff Board was appointed; in the interval the industry was suffering. Then followed an enquiry. The Government was at first not prepared to accept the recommendations of either the majority or the minority, and it was after some further trouble and delay that a small measure of additional duties on yarn was passed.

I give these instances to show that we are not taking due note of the fact that the industrial competition of the West is taking new forms, and requires prompt and thorough-going remedies on our part, if we care to look after our industries. The recent tendencies towards the formation of international cartels in Europe show that industrially backward countries like ours have to take account of competition from continental units like Europe and America, and not merely from individual countries. One of the most important of such cartels is the European Steel Cartel which has been formed very recently.

My conclusions from this are

(1) that our Tariff should be remodelled on a definite policy, namely, Discriminating Protection. A general examination of the whole tariff for this purpose will be necessary, and

(2) that a permanent body should be appointed which should be in daily touch with the trade movements affecting India, on their own initiative, and should advise prompt action, whenever necessary. This will mean that the Executive will have to be given power to take such action under certain conditions.

SIR GEORGE RAINY SAID:—I should like at the outset to express the pleasure it gives me to be here at this meeting of the Federation of the Indian Chambers of Commerce, and I should like also to associate myself with what was said this morning on this point by His Excellency the Viceroy in opening the proceedings. The second thing I should like to say to you is this. It will not be necessary, or indeed possible, for me to take up much of your time during your proceedings. I received the agenda of the meeting about a week ago just before the commencement of Christmas holidays. It was therefore not possible for me to look into the various questions which concern my department as carefully as I should have liked to do.

As regards this resolution which has been moved, very ably if I may say so, on the subject of an enquiry to examine the whole question of the revision of the inward tariff, I do not propose to say much, and I cannot attempt to deal with, or reply to what has been said by the speakers. I do not think there is any doubt that there are several questions connected with the Indian tariff which should be examined before very long. The mere fact that such a large proportion of the revenue of the Government of India is now received from this source and the fact that the rates of duty are now much higher than they were before the war, make it evident that we cannot assume that arrangements which worked satisfactorily enough before the war will work equally well now. What the particular matters are which ought to be examined I will not attempt to state, and I am not sure that I quite agree with what fell from the lips of those who spoke in support of the resolution. That, however, is really beside the point. What is proposed is an enquiry of the most comprehensive kind into every aspect of the tariff. Whether that would be the best way of proceeding I am not sure, for I think experience in other countries has sometimes shown that that is not very expeditous way of dealing with the matter. It may be better to divide the enquiry up and consider separate matters separately. But there is another aspect of the case which is perhaps important.

Naturally I cannot give you any considered conclusion of the Government of India, for there has been no opportunty to consider the question deliberately. But there is one important question which cannot be put aside, namely, what Government is going to have the administration of the tariff when it has been revised? None of us can answer that question at present, but I doubt very much whether it is practicable to run a constitutional enquiry and a comprehensive tariff enquiry in double harness. The more natural procedure would be that the tariff enquiry should follow the constitutional enquiry and should be supervised throughout by the Government which will ultimately have to approve the new tariff and to administer it. If I, as Commerce Member, appointed the Commission, I might appoint what I consider to be a very good Commission which would work out a tariff on lines which I thought right. But if my friend Sir Purshotamdas Thakurdas, as Minister for Commerce, had the handling of the matter, he might appoint quite a different Commission which would produce a very different tariff. Clearly this is an aspect of the case to be considered. There is another point. We have heard a good deal, in connection with the constitutional enquiry, of the demand for the revision of the Meston Settlement. That may very materially affect the finances of the Government of India, and it may be necessary to raise larger sums through the tariff than we do at present. But if the labours of the Tariff Commission are not to be largely infructuous, Government should be able at the outset to lay down for their guidance the approximate amount of revenue which the tariff must produce. That must be one of the guiding factors throghout the proceedings of the Commission. There are other aspects of the case which present further difficulties. I cannot deal with them now, but I wish to bring it to the minds of the Committee that the question is far from simple.

The President—I do not think I myself can say any thing beyond what the Hon'ble Member has said although Sir George Rainy does not mention what the difficulty is. I feel I am very much to have the opportunity of saying something but it would not be right to say anything further. I put this resolution to the vote. I feel sure that in spite of what Sir George Rainy has said the house may look into the question and send it on to Government with the hope that the Government of India will take necessary action on this.

The resolution was carried.

Lala Harkishen Lal moved the following resolution :

SHIPPING.

(*a*) The Federation, while recording its disappointment, that the Government of India have till now taken no steps to give legal effect to the recommendations of the Indian Mercantile Marine Committee for the reservation of the coasting trade of India to vessels owned and controlled by Indians, strongly supports the Bill to Reserve the coastal traffic of India to Indian vessels introduced in the Legislative Assembly by Mr. Sarabhai N. Haji and records its deep appreciation of the support given by the Members of the Legislative Assembly to the Motion to refer it to a Select Committee and trusts that the Bill will be placed on the Statute Book in due course.

(*b*) The Federation urges the Government of India to devise ways and means for encouraging the participation of Indian vessels in the Overseas trade of the country and to take early steps for developing the ship-building industry in India.

(*c*) The Federation while welcoming the establishment of the Indian Mercantile Marine Training Ship "Dufferin" in Bombay, urges that another training ship be stationed for the Bay of Bengal and also urges upon the Government of India to make it obligatory on the ships plying on the coast to give preference in the employment of their officers to those who obtain the necessary certificate of competency after undergoing training on the Training ship.

(*d*) The Federation objects to the Deferred Rebates system and calls upon the Government of India to take immediate steps to abolish the same without any further delay.

(*e*) The Federation further urges upon the Government of India to nominate an Indian connected with

Indian Shipping on the Sub-Committee for considering the uniformity of the Merchant Shipping Laws in the Empire as suggested at the Imperial Conference held in London in 1925.

*He said :—I will deal with these separately. As regards the subject for reservation of coastal Traffic to certain ships named as Indian vessels, it had been before the public and before the Legislative Assembly and the authorities for some considerable time. There is no reason for and against it which has not been advanced or discussed. I am hardly in a position to advance the discussion at present very much except by saying a few words as regards the chief objections that had been raised to the passing of the Bill. The objections were four. First was discriminatory legislation and as such it ought to be condemned. Secondly it aims at exploitation of the vested interests. The third is that we want to act up to the ideal of short cuts. The fourth is that the scheme as laid out in the bill is impracticable. I will say that before I answer these objections I call your attention to what is very common and which is the preamble of economic questions. That preamble is that if we present the picture to raise the economic conditions of India to-day we find that the picture is very gloomy. The picture is this that you conceive any man, any activity of ours in which you would find yourselves entirely helpless and dependent on foreign assistance. I have said before and say it once again you have to conceive yourself from the time you were born. When you are clothed as a baby your clothes are foreign. When you begin to walk or talk the bicycle or tricycle and toys on which you play are foreign. When you go to the school your pencil, your paper, your slate, your book and everything are foreign and mostly imported goods. Leaving that aspect of society aside picture to yourself that your bed is also of foreign make. Whether you travel by motor car or train or a carriage everything is foreign. Your language is foreign but your arguments are genuine. That is the position. That is one side of the picture.

In the matter of shipping we are helpless in all directions. Ships are not built and are not navigated by yourselves and the Tariff and the rates are not yours. That is one side

*Speech not substantiated by the Speaker.

of the picture. The third was that the depressed classes are oppressed at our hands and we have to suffer the consequences. I draw your attention to these things simply to show that the shipping matters and the Tariff matters are urgent. We should not accept the excuses that time is not yet ripe or the proposal put forward is such that it will not go very far in solving the problem. Government is really ignoring what is coming. I think it is my conviction that anybody who puts off the solution of economic problems of India is digging the grave for the authorities and the leaders. Any man who really ignores this movement with the idea that sooner or later it will die a natural death is the greatest fool born. This is my conviction.

Coming to the shipping one argument that has been used is that it is a discriminatory legislation. I know something about the word 'discrimination'. The word 'discrimination' could not be used when you try to legislate for one community for one people against the whole world, and as I understand the bill does not discriminate between Indians and Britishers but discriminates between Indians and the rest of the world. Coming nearer home we find that this question of discrimination has been declared by most of the countries against the rest of the world. I understand there are 29 countries which are specially maritime countries in the world and fourteen of them have caused the reservation of coastal Traffic in favour of nationalists of the country. They had all these problems and objections before them and they found that the only way to support maritime enterprise for a nation which was really backward in maritime activities and a nation which has forgotten for one reason or other the word 'martime' navigation. We have not got any suggestion from any quarter that there is another way of starting maritime activities we aim at. They recognise the word 'discrimination' as applied to shipping was discussed in English literature and for some years back this question came up before the committee. Therefore I understand the committee laid down that discrimination would be permissible even against another country. If that is true, then the argument of discrimination is not a new argument. The other argument is as to the impracticable nature of the bill. The bill is brief and the operative sections are only two: One defines the controlling interest which perhaps means Indian vessels and the other really lays down how the license is to be granted. This is all that is in the

bill—the proportion of not less than 20 percent. of the tonnage license for the first year, not less than 40 percent. of the tonnage license for the second year, not less than 60 percent. of the tonnage license for the third year, not less than 80 percent. of tonnage license for the fourth year and the tonnage license for the fifth year and the subsequent year should have the controlling interest vested in the British Indian subjects. I had on this subject a discussion with the people who know the subject better than I do and I was assured that within five years some of the ships would become disabled in the natural course of repairs and they are not merely to be replaced by their owners.

With regard to other ships most of the companies now are renewing their ships in the coastal traffic. Even supposing it may be that these ships cannot find any outlet elsewhere the question is whether 50 percent. or 20 percent. shold not be converted into Indian owned ships. I do see a little difficulty and that difficulty is whether this 20 percent. or 40 percent. is based on some scientific calculation or is entirely a method of compromise and hopefulness. No bill is yet passed through the Assembly unless it is a non-contentious bill. If this 20 percent. and 40 percent. and 80 percent. and 100 percent. is not workable that would not frighten the Legislative Assembly to throw out the bill in its entirety.

With regard to short cuts argument, no doubt the bill had been several years on the road. We have been turned from place to place and I think it is time when we should stick to our goal and see the bill pass through. I do not propose to say anything except this that I think all of us are grateful to Mr. Haji for having introduced this bill at a great personal sacrifice, time and labour and I am sure the bill cannot be better in the hands than in the expert hands of Mr. Haji. I move that this part of the resolution be accepted with acclamation.

Coming to the next stage which, I believe, is a contentious matter, I do not think much argument is required except that unhappy India there is no other country in the world where this argument was applied to a country where Government is not sympathetic with the people. I believe that the attitude of the state should change and they would take a sympathetic attitude. Once they do this, this and the other questions would be solved.

As regards the third part of the resolution it is a principle which has already been accepted. Training of Indians into modern life has already been accepted and a ship has been provided called "*Dufferin*". I learn from the speech of His Excellency the Viceroy this morning Europeans and Indians are co-operating with each other in working out the training of the youth of India. That being the case I need not put any other argument in support of it. The only thing that we want is a ship in the Bay of Bengal and also in the employment of youths that are being trained in coastal and other ships that ply in India to the coasts of India and between India and other country.

As regards (d) I do not know whether we have any difficulty in understanding what adequate rebate is reqired. I know that in England they make a rule that all this backseat should be treated as a convention in matters of sale and purchase. This system required no argument.

As regards (e) it requires no argument.

Mr. Jadu Nath Roy (Bengal National Chamber of Commerce), in seconding the resolution said :

MR. PRESIDENT AND GENTLEMEN,

In seconding the resolution requesting the Government to give effect to the recommendation of the Indian Mercantile Marine Committee for the reservation of the coasting trade of India to vessels owned and controlled by Indians as embodied in Mr. Haji's Bill, I have to state that such reservation has been given effect to in other countries for developing their national mercantile marine and India badly requires such protection to develop its own mercantile marine.

With regard to the proposal to provide for a second Training Ship in the Bay of Bengal for imparting naval training to lads of this side of the country to qualify them to be the future officers and engineers of the Royal Indian Marine and the Mercantile Marine, I need not here dilate on the difficulties the Indian lads hitherto experienced in obtaining nautical training before the establishment by the Government, of the Indian Mercantile Marine Training Ship "Dufferin" in Bombay as these facts are well-known to you all. You are aware that our difficulties do not end with the training of our lads, but the foremost difficulty that confronts us, is how to

provide them with work. The non-Indian Shipping Companies, so to speak, almost enjoy the monopoly of the coastal and oversea shipping trade of India, have, to their advantage utilised the cheap labour of the country by engaging Indians as crews only, while they have scrupulously reserved the higher offices of the Mercantile Marine as a close preserve for the people of their own nationalities. Under the circumstances, along with the training of our lads, we must respectfully urge upon the Government to insist on the shipping companies engaged in the coastal trade of India or enjoying any postal subsidy from the Government of this country, to gradually employ Indians as officers and engineers, when they have duly qualified themselves for the work. Government can show the way by engaging qualified Indians in the Royal Indian Marine or in the Pilot Service, otherwise nautical training alone is not expected to serve any useful purpose, on the contrary, it will give rise to disaffection.

The deferred rebate system which binds shippers to the old established non-Indian shipping companies should be removed by necessary legislation to enable Indian shipping companies to thrive instead of being wiped out by the wrongful competition of the powerful non-Indian shipping companies.

Mr. Mavji Govindji Sheth (Indian Merchants' Chamber, Bombay) supporting the resolution said :—

I shall confine myself to that part of the Resolution which asks us to support strongly the Bill to reserve the Coastal Traffic of India in the Assembly by my friend Mr. Sarabhai N. Haji because of the storm of opposition it has raised from the vested and allied interests of European Commerce in this country.

Incessant artillary fire is being maintained against the devoted head of Mr. Haji and his Bill from the almost impregnable fortresses of Anglo-Indian commerce. Sir Charles Innes proclaims the Bill as an act of "expropriation" and sets the tune. Sir James Simpson whose cheap sneer at Mr. Haji may be treated with the contempt that it deserves, complains of "Racial discrimination"! "Monstrous and unthinkable" thunders forth the great Lord Inchcape from across the seas; "Confiscatory" declaims Sir George Godfrey; "against the

interest of the country" chimes Sir George Rainy. And H. E. the Viceroy, it is rather sad to contemplate, joins the chorus and describes the measure as "heroic and dangerous".

And more than that! Sir George Godfrey strays into the region of philosophy and brings in the Shastras and the Koran to support his claim. We have been warned by teachers that the Evil one too quotes the scriptures in support of his thesis. Even Shylock himself could not have pleaded his case better in the Merchant of Venice than did Sir George Godfrey in the Associated European Chambers gathering: And Sir George talks of the 'highwayman' and "the traveller who does show such concern": Now may I ask, in all humility. which is the highway-man and which the peaceful traveller, pray? Let history answer! Let the world answer! The doings of the East India Company and their heirs and successors up to date need not be recounted here. Dadabhai and Dutt and Ranade apart, let the Digbys and Wedderburns and Cottons and a host of others bear witness! Ask China, ask Africa. Which is the highway-man? Echo answers which?

Poor dear Antonio in the Merchant of Venice had to meet with one Shylock only, dear old Haji has to deal with a whole host of them. What a howl has been raised over his devoted head! And this for the unforgiveable crime of prescribing Haji's Homeopathic Pill for relieving the Coastal congestion of foreign matter.

Sir George is not "disposed meekly to hand over the rich prizes, which they and their fathers with so much risk, expenditure and labour have created and developed." So much the worse for him and his kind!

India, I agree, has not in modern times produced an Arkwright, or Crompton, Watt, Stephenson or an Edison! To twit us on this after having persistently thwarted our national efforts at industrial and commercial evolution, generation after generation, is the height of effrontery and political chicanery. But for these and their monopolies, and the favoured nation treatment which they have directly or indirectly received at the hands of the Government of India and the entrenched positions which they have dug themselves in, India would have advanced more marvellously than Japan. But India is now fully awake and can never now be hood-winked or bullied.

Co-operation, we too stand for but on equal, fair and honourable terms. We can never tolerate the co-operation of the lamb within the wolf!

We are a patient people. We have survived many depredations. Invaders and plunderers have come and gone and have witnessed the march of history fortified by the truth of the eternal verities as taught by our seers and sages. We are believers in the Law of Karma and we have firm faith in the correct workings of that Divine Power by which

"The slayer's knife did stab himself,

The unjust judge has lost his own defender,

The false tongue dooms its lie;

The creeping thief and spoiler rob to render."

*Mr. R. H. Gandhi (Burma Indian Chamber, Rangoon): It is a matter of regret that although the Mercantile Marine Committee, presided over by an European, and containing a majority of European members, recommended for reservation of coastal traffic to Indian vessels, yet we see that the whole organisation of the European commerce, aided by the support of the Bureaucracy, is agitating day and night for the rejection of the bill brought in by Mr. Haji in the Assembly.

It is still more a matter of great regret that so great an official as the Viceroy of India has had no hesitation to say something on the issue. The Bill, as we all know, is now before the Select Committee, and after it had passed through the necessary stages, will come to His Excellency for his assent. This indirect way of influencing the Select Committee, as I consider it, is a very deplorable instance in the constitutional history of India.

However, it appears, His Excellency was in a better mood to-day and in a speech to the Federation this morning, he has advised to find out a solution agreeable to all parties concerned. Let us wait and see what the solution comes to. I would however advise the Federation not to live on hopes but to stick to the original demand and support the resolution wholeheartedly.

*Speech not substantiated.

There is another aspect of the question. Recently a combination of shipowners in England admitted that Indians had cadet for military training and should look to Indian companies and not to non-Indian companies. But they suggested as a sort of compromise that the purpose would be served to a great extent by means of having foreign company registered in India. I might however tell them that Indian commerce now-a-day donot want merely nominal registration.

It is this bill, as far as I can understand, which will prevent the annual economic drain of crores of rupees, and I believe, on that reason alone, we should support the resolution.

With these few words, I commend the resolution to your acceptance.

The resolution was carried.

SALT.

Mr. Faizulla Gangjee, (Indian Chamber of Commerce, Calcutta):

I have great pleasure in proposing the following resolution:

The Federation urges upon the Government of India the necessity of reconsidering their attitude towards ordering a full inquiry into the condition of Indian Salt Industry, as in the opinion of the Federation sufficient reason for such an enquiry has been established by the recommendations of the Indian Taxation Inquiry Committee, the non-acceptance of which results in enormous quantities of foreign salt being imported in India every year.

As is well-known the Taxation Enquiry Committee's recommendations to refer the question of this industry to the Tariff Board was turned down with deaf ears by the Government of India. This action has been a gross injustice to this country. Salt which is of prime importance for the very existence of every living soul was considered by the Government of India as so un-important, that they did not think it proper even to refer the question to the Tariff Board for investigation as to whether it needed protection or not, and whether India can become self-supporting as far as its own internal supply was concerned.

As an illustration of how preferential treatment is always sought to be granted by Government wherever foreign interests are concerned, I might place the case of the Oil Industry before you which, as is known to all of us had to pass through the Tariff Board very hurriedly under special instructions and the amount of money spent on this inquiry, as was anticipated, has been a mere waste. Even the theatre of activities of this Oil inquiry was kept in Burma where the Indian consumers although directly interested could not even place their views before the Tariff Board. It was really very gratifying to note that inspite of all Government solicitude the Tariff Board came to the decision that there is no need of protection to the Oil Industry.

In conclusion, I sincerely trust that the Government of India will now change its attitude and defer from the evasive policy it has so long adopted in shelving the question of the Indian Salt Industry, and reconsider the case without any prejudiced views and refer it without any delay to the Tariff Board for investigation. I need not say anything more on this occasion, as I hope, the opportunity for placing our case before the Tariff Board will not be long in coming.

Mr. C. Gopala Menon (Southern India Chamber of Commerce, Madras), in seconding the resolution said:—

"The question of the advantageous position which India enjoys in respect of the Salt Industry is accepted on all sides. India was for a long time self-dependent. She has a vast *length of Sea board* and has numerous *Salt mines and Salt lakes*. The important factors for salt manufacture are fully satisfied in several places along the coast line. The rainfall is completed during a short period; the relative humidity is low during the dry season and there is no disturbance from the influx of fresh water streams in several of the places like *Madras and Vizagapatam.*

Neither is there any doubt as to properties of Salt *for sustaining both animal and plant life.* Salt is a vital necessity to human life and is required in ever increasing quantities for agricultural (manure) and industrial purposes, and for the food of horses and cattle. Surely there is something wrong somewhere if in these circumstances Indian Provinces can consume *only 10 to18 pounds of salt per head* while in

Portugal the consumption is *35 lbs. per head,* and *in England 40 lbs. per head* and there is no duty at all.

With all these favourable factors India is importing every year about one-third of the total salt consumed in the country, *valued at 125 lakhs of rupees for a quantity of half a million tons. It is true that the imported stuff is fine grained and white.* Attempts at similar production *have met with success* in Kathiawar. But there are very many advantages which the imported salt enjoys to the prejudice of indigenous salt. *It enjoys very low freight* as it is often picked up by vessels coming *in ballast* and India with a large favourable balance of trade and with nearly all its exports being in bulky raw materials there cannot be any scarcity for such vessels. The importer *imports his salt in bulk* and pays no duty for *wastage* in transit. He need pay duty only when issuing on sale from the *inland bonded warehouse.* The local manufacturer has none of these advantages. Only last year a wastage allowance of 5 per cent. was sanctioned for salt in transit from Bombay to Calcutta.

The sale of salt is a Government monopoly and the manufacture is done either in Government factories or under Government supervision. The Government buys from the Licensees at a pre-determined rate. Is there any wonder then, Gentlemen, that the quantity of salt does not improve under these circumstances.

The Taxation Enquiry Committee went very fully into this question and made very serious recommendations regarding this key industry. They said, "To remedy these defects the Committee are of opinion that an enquiry should be made as to the extent to which the handicaps on the Indian manufacturer can be removed by removing the limitation on the tonnage of the vessel, and by modifying and making uniform in both the Provinces of (Madras and Bombay) the regulations regarding transport in Bond and the charge of duty for losses on the voyage, by examining the possibility of giving lower rates of Railway freight for Salt loaded in returning coal wagons and by opening Inland bonded warehouses for salt imported by rail." In addition to this they consider that every encouragemet should be given to the manufacturer in these provinces of Salt suitable for consumption in Bengal and that among the means adopted to that end should be the pioneering of such manufacture by Government &c. &c.

What has the Government done? They appointed a Committee and they condemned the above recommendations and certified that everything was alright and that India should be perpetually dependent on Aden or Egyptian or Liverpool salt to keep her body and soul together. Has the Tariff Board considered the question; is it not the duty of the Tariff Board for examining very closely the claims of an industry for protection? Was there no *prima facie* case for salt industry if we only care to look into the figures of production and import and the balance of advantages in favour of the importer? Does the Government think that a representative Committee like the Taxation Committee made its recommendations lightly without examining the possible calamities if the industry was afforded protection or at least was subjected to an examination by the expert authority the Tariff Board. Why is the Government nervous of going before the expert authority unless they thought the industry had the greatest chance of being recommended for protection. If, otherwise, they were too solicitous for the time or labour or expenses of the Tariff Board the public require no more proof of it than the circumstances of the Oil enquiry.

Nothing will satisfy the public about the claims of this industry to become more prosperous than an impartial enquiry by the Tariff Board. This industry solves *the economic problem to* a very considerable extent of a large number of people in my province, and in Bombay and it used to do in Orissa. It is in some parts, gentlemen, the only means of livelihood and in other parts it is supplementary occupation which is very necessary to keep body and soul together for a good portion of the year. Government does not stand to lose any revenue if foreign import is replaced by local production as the excise duty is the same as the import duty. Then why this lethargy in putting an industry on its feet. Instead of extension of manufacture we hear more often of closing of factories, or of discrimination in Railway freight as between two factories, like Khewra and Warcha, all done presumably under the orders of Government. Has Government made any serious attempt to refine the salt for use in Bengal and Burma? In the absence of any clear statement by Government in justification of their position one would be induced to say that the attitude of Government towards promising industries of India is most unsympathetic.

Mr. R. K. Sidhwa (Karachi Indian Merchants' Association) supported the resolution. He said:—I support the resolution more

particularly as there is a great salt industry in Karachi at present existing. I do not wish to dilate on salt industry which is doing wonderful business in the way of supplying salt. I would only quote to you from the Indian Trade Journal that in 1927 during the months of March and July due to the supply of Karachi salt into Calcutta the prices were brought down from Rs. 110 to Rs. 85. This goes to prove that there is a big industry in India and particularly in Karachi. There are many wealthy and patriotic people who do not come forward to increase that industry to a greater extent than at present prevailing. This is a vast industry and this industry is supplying salt to various parts of India but due to want of railway transport and port facilities we have not yet been able to achieve what I would like. I impress upon the Government the necessity of instituting an enquiry at very early date. This is a very harmless proposition and I do not understand for a single moment why the Government should not accept this humble request and support its industry which is already doing marvellous work and it would do immensely wonderful work in competition with foreign salt which is coming into India. I request the Hon'ble member who is present here that he must wholeheartedly accept this harmless proposition.

Sir George Rainy said:—I am afraid I cannot deal with the merits of this Resolution. It is a question which concerns the Finance Department rather than the Commerce Department. I have had no opportunity of consulting with my colleague Sir George Schuster on the subject, and in these circumstances I can say nothing, for obviously the matter is one which ought to be discussed between the two Departments before any view is expressed.

The resolution was carried.

OIL ENQUIRY.

Mr. Walchand Hirachand (Maharashtra Chamber of Commerce, Bombay) moved the following resolution:

The Federation urges the Government of India to institute a further and fuller inquiry by the Tariff Board supplementary to the recent Oil Inquiry in respect of points suggested by the able President of the Tariff Board. The points that should be investigated are

(1) Prices charged by the Pool to the consumer and by which the consumer is required to pay nearly five crores of rupees over and above economic prices for Petroleum products. (2) World Parity, which according to the Oil Pool, allows the Oil magnates 4 crores in addition to the 5 crores already mentioned. (3) The cost of production of the indigenous Oil Companies. (4) The fair prices at which Oil should be available to the consumer looking to the interests both of the consumer and the Oil Industry. (5) The establishment of a refinery at Bombay and the ways to protect it against possible attempts from the interested quarters to crush it. (6) Indianisation of this Industry with respect to Capital, Directorate, Management, Operators, etc. (7) and other cognate questions arising out of the recent inquiry such as allowing 10% profit for distribution only.

I trust all of you are by now fully acquainted with the recent investigation of the Tariff Board into the question of grant of protection to the oil industry and particularly the excellent exposition of its President Sir Padamjee Ginwalla. I need say nothing here about the extra-ordinary haste with which the question was referred to the Board but I hope you will allow me to offer our felicitations to the able President of the Board for the way in which he has dealt with the demand of the oil companies. Although the danger of having protection inflicted upon the poor Indian consumers in the interests of foreign monopolies is averted for the present, we should not imagine that the danger is removed for ever. For aught we know, the rate war may start once again at any time and the country be stampeded into a precipitate enquiry and wrong decision any moment by the oil interests which are too powerful even for the mighty Government of India to resist. The President has, therefore, wisely recommended in his report that the several questions pertaining to this industry which have been brought to light directly and indirectly—or shall I say whether the oil interests relished it or not?—should be carefully and thoroughly examined both in the interests of the consumers and the indigenous oil concerns. The resolution which I have the honour to commend to your acceptance does no more. It only asks for further and fuller enquiry into the

several specific points which the President has stressed in the course of his report. I may observe that in this respect there is no question of majority and minority reports because while the majority confine their observations to what has already happened such as dumping and the need for protection, the President with a foresight and a responsibility worthy of his position has considered it necessary to deal with the whole subject as it may affect national interests in future. I will only add that there is no reason why the Government should not agree to such an enquiry in view of the fact that the President of the Tariff Board appointed and selected by them demands prompt and impartial investigation of these points. Such investigation is all the more necessary because the President in his Report complains that many material facts which were relevent for considering the question of protection for oil were not brought to the notice of the Government of India and they disclosed a lack of candour which was tantamount to *mala fides* that would have justified a summary dismissal of the application of the industry concerned. It is all the greater reason therefore for the Government to ask the Tariff Board to go into the matter from all aspects without delay.

Now I shall briefly dwell on the main points which require investigation by the Tariff Board. The central fact of the oil industry is that it is controlled by powerful trusts, and combines which have international ramifications. To quote the words of the Report of the Tariff Board, "oil business in India as in many other countries is in the hands of powerful monopolies which control both the refining and the marketing of petroleum products". These rings sometimes compete against each other and start rate wars for their own purposes but for which India was on the brink of being made to pay. We have, therefore, a right to insist that the working of this oil pool, its holdings and its contracts with other concerns operating in India should be fully enquired into. It is the definite opinion of the President of the Tariff Board after careful investigation that the Pool's price policy has not benefitted the poor consumer of India. He has stated that there is evidence to show that petroleum products are being sold in India at exorbitant prices owing to oil business being in the hands of oil trusts and that the consumer has to pay a sum which may amount to Rs. 5 crores per annum in excess of the economic prices. Similar is the case in regard to Kerosene about which the President has declared that the indigenous industry has been realising prices considerably above world parity. Now we

may not be able to know all the facts concerning this world parity much less to manipulate the factors governing that parity. But a few things are clear even now about this world parity. What the indigenous oil interests call world parity is strictly American parity price which as the Tariff Board's finding shows has no relation either to the cost of production or to fair selling price to petroleum products in India under competitive conditions. As things are to-day, the equivalent of this world parity at Indian ports allows the oil magnates Rs. 4 crores per year and about Rs. 65 crores to date which they profess they generously decided to forego in addition to the five crores which they have already pocketted as mentioned above. To concede therefore that the prices of petroleum products should be based on "world parity" is to admit the perpetual right of the oil trusts to a monopoly which can exact exorbitant prices as it pleases. Indian commercial opinion agrees with the observation of the President of the Tariff Board that the real equivalent of world parity should be the price at which under competitive conditions crude oil failing which Kerosene could be landed in that market on a commercial scale. The existence of an oil ring permits them to manipulate and enhance prices as they please and the effects of their monopolistic tendencies and activities need to be investigated if the Indian consumer is to be protected. I need not tell you that Kerosene and petroleum products are articles of daily necessity to the vast masses of India and any manipulation in their prices is likely to have very adverse reactions on the poor millions as also on the unprotected industries of India. This penalisation and exploitation of consumers requires a thorough enquiry by a Government which are always so keen to safe-guard the interests of the poor Indian consumer whenever the question of protection to any Indian industry is under consideration.

Another important matter that deserves detailed investigation is the cost of production of the indigenous oil companies. As you are aware, when the recent Tariff Board enquiry was constituted all the Indian Chambers of Commerce protested against the exclusion of this vital point from the terms of reference. If the position of the oil industry is to be adequately and fully understood and definite proposals made to improve its condition, it is absolutely essential that the Tariff Board should know the costs of production of the commodities concerned. It is quite possible that a reduction in the working costs of the companies by prevention of waste and leakage

curtailment of overhead charges and such other economies or improved methods may better the economic position and productivity of the industry. I may mention here that when the position of an Indian industry is being investigated, the minutest details of the cost of production are analysed, examined and even published. I fail to understand therefore why this precedent was not followed by the Government of India when considering the question of protection to oil industry. I would add that the Burma Oil Company which had the audacity to attack the Tariff Board and particularly its able President were not prepared to disolose their working costs and even to forego assistance rather than do so. But if the B. O. C. feel that if the charge of *mala fides* has been wrongly levelled against them let us in fairness to them give an opportunity to submit to another enquiry of the sort we suggest and have their case fully examined and judged. Until then the public will trust the impartial analysis and judgment of the President of the Tariff Board and not the *ex parte* and interested statements of the applicants issued after the findings of the Tariff Board were published.

As regards the fair prices at which oil should be available to the consumer both in the interests of the consumers and of the producers of oil, I do not wish to dogmatise but merely insist that the question should be exhaustively explored. It is clear, for example, from the statement of the financial resources of the B. O. C. that oil concerns are making huge profits evidently to the detriment of the consumers. Of the ordinary capital of 68 lakhs and odd pounds of this Company nearly 55 lakhs are bonus shares. An original holder of £100 shares in this Company would now hold shares of nominal value of £540 which at present market quotations would be worth over £2,400 and in the period between 1902 and 1927 would also have received dividends of over £1,600. It does not need much experience or insight to understand that a concern can thrive like this only by extorting unfair and exorbitant prices. And this point would be a very important one for investigation at the hands of the Tariff Board so far as a poor country like India is concerned.

I now come to the suggestions of the President of the Tariff Board regarding erection of refineries by rupee companies at Bombay which is a suitable distributing centre. Since India has to import nearly one third of its requirements of petroleum products and since nearly every country in the world has undertaken the

refining of crude oil, the Government must assist the establishment of refineries which could fully meet the Indian demand and introduce condition of competition. It may well be asked that there is nothing to prevent Indian businessmen from doing so now after importing crude oil. But as I have already told you, oil industry is almost exclusively controlled and operated by powerful rings which have a monopoly of refining and marketing and which can therefore crush any such refinery with ease. They have large reserves and political strength at their back and no single concern can stand against them. It is therefore the duty of the Government to step in and in order to regulate this monopoly and reduce prices, help the establishment of genuinely Indian refineries. I would moreover insist that they should be placed on a firm foundation as for instance by varying excise and import duties to meet the onslaughts of the powerful combines which are certain to assail them.

There is one further point which needs elucidation. It is the fact that the present concerns allow themselves profits on import alone to the extent of 10%. You will, I hope agree with me, when I state that this is an excessive and even extravagant rate. The President of the Tariff Board would allow—and rightly—on this item only $2\frac{1}{2}$ per cent. Let me point out to you that it is no return or reward for risks of mining. It is only a middleman's gain for carrying oil from Gulf ports to India in which the consumer gets no share. I trust you will see the enquity of this rate of profit which should form a subject of examination by the Tariff Board.

Lastly I come to the most important aspect of the question namely the question of Indianising the oil industry. I may at once state that the oil industry is alien in every sense of the term, in every shape and form. It has foreign capital, foreign directorate, foreign management and foreign experts. Except that it happens to be located in India and employs unskilled Indian labour, it is in no sense an Indian industry. If therefore, the invaluable mineral assets of the country are to be conserved, if such a key-industry which is vital to national existence is to be preserved for the nation, if this important source of power is to be fully utilised for the benefit of India, the Government should see to it that the industry should be predominently Indian in character. Let me make it clear that more registration of companies in India and subscription of rupee

capital as suggested in the opposite camp will not satisfy us. We want the controlling interests of the industry to be Indian in every way. Gentlemen, you are aware that oil has become a subject of international importance and may soon be a cause of the next world war. In these circumstances, it is imperative and it is urgent that the country's supply of oil should be in the hands of its own nationals. I, therefore commend this resolution to your unanimous and whole-hearted acceptance.

Lala Shri Ram (Delhi Hindustani Mercantile Association, Delhi).

Mr. President and Fellow Delegates,*

The able mover has dealt with the question at issue so exhaustively from every point of view that there is really very little left for me to say. The matter has become so plain and simple that every reasonable man with the least possible regard for fair-play must unstintingly give his whole-hearted support to the resolution.

The question had its origin in the rather uncalled for demand on the part of the oil companies for protection against unfair dumping but which in fact was an unchivalrous desire to grow fatter at the expense of the Indian masses by increasing their already too high profits. Before they came up before the Tariff Board for this extra preferential treatment very little was known of the real extent to which thy were exploiting this already much exploited country. It was left to the able President of the Board to expose their selfishness. Unfortunately the terms of reference were not comprehensive and the Board could not go into the question of costs and had to be satisfied with the meagre information supplied to them. Inspite of a clear and timely request from the Indian Merchants' Chamber, Bombay, the real watch dogs if I may say of India's economic problems, the Government did not see their way either to widen the terms of reference or to extend the time within which the report was to be submitted. Had they done so the question of moving this resolution in its present form would not have arisen.

Inspite of the difficulties entailed by the narrow terms of reference and the shortness of time at the disposal of the Board it was

*Speech not substantiated by the Speaker.

found that the Indian masses, by the way, not a too rich class, were done down to the extent of over 5 crores of rupees. Five crores is a big figure for this poor country and it is absolutely essential for us to make a request for further enquiry into this state of affairs and hence this modest resolution. The enquiry clearly brought out the enormous profits which these oil combines are making and because of which their request for protection was refused. Therefore the least that is expected of us and which we can request the Government of India for is an exhaustive and detailed enquiry into the working of these monopolies, probably the only one of their kind in the world, to see what the real situation is. It will not be out of place to remark that Sir Ginwala, the President of the Board, a man of outstanding integrity and sincerity of purpose who had the privilege of being associated for long time with Sir George Rainy the present Commerce Member has not only felt but expressed the need of such an enquiry, though he was so modest as to request for being kept out of it. I am sure this request which in fact means failure to take advantage of his knowledge and ability will certainly be brushed aside. Should this enquiry reveal that unfair exploitation exists, the only remedy will appear to be the creation of competitive conditions by the starting of refinery in Bombay as suggested in this resolution, and also by the President of the Board. It may also be pointed out that similar steps have been taken in other countries such as Great Britain, France, Spain, Japan, Australia etc., and there appears to be no reason why it should not be tried here.

At this stage it may also be explained that there are three parties to this question *viz.*, the Federation of Indian Chambers, who are the real watch-dogs of the economic interests of the Indian masses, secondly the Government of India who call themselves the custodians of the interests of the consumers and thirdly the oil companies. The position is that a complaint arising out of the report of no less an authority than that of the President of the Tariff Board against profiteering and exploitation on the part of these companies has been lodged. I have given the matter my most unbiased and careful consideration. Supposing, Sir, I was the Managing Director of a Cotton Mill and a complaint is made to me that my cotton brokers are not buying my cotton in the most advantageous manner, then Sir, without prejudging, it is my duty as a custodian of the Shareholders to find out the veracity of the allegations made and should they

prove to be true, to take necessary steps. Similarly it is the bounden duty of the Government to launch an exhaustive enquiry to see how the matters really stand. The least that we can ask for and that the Government of India can do for us is to institute the enquiry.

The third party that is the oil companies too, I am sure, will not be opposed to this very reasonable demand, in their own interests in as much as it is the first time that certain interests start the rate war, cry the wolf, ask for protection without disclosing important facts and then, when discovered, try to get the chapter closed unceremoniously. It is in their interests that the suspicion justifiably existing against them should go.

Any opposition from them will unmistakably prove that their conscience is not clear and then it will be still more necessary that the Government of India who, so often call themselves the custodians of the interests of the consumers, particularly when the question of protection for the Indian Textile Industry is raised, should institute an enquiry asked for in this resolution.

There is another aspect of the question which has to be kept in view and that is that petrol and kerosene are no longer luxuries for the rich, but next to salt are the necessaries of life for the poor. One of the admittedly crying needs of the country is cheap transport and that can be had only if petrol is sold not at sky high monopoly prices but at competitive rates. On kerosene the Indian masses depend not only for light, but for power, for working tube wells, running flower mills and ginning factories, &c. The mechanization of agriculture will for a number of years have to look to kerosene for its successful carrying out. The facts show that next to salt these oils form essentials of the poor man's life. It is imperative that these products must be available at the lowest prices compatible with the interests of the industry. As this question is of great national importance it would be in the fitness of things that the industry be worked, financed and directed by Indians and protected by the Government against unfair attacks, so that it may not have to groan like the (Actidhra). With these few remarks I commend this resolution for your acceptance.

Sir George Rainy said:—This is a motion on which I cannot dwell at length at this late hour of the day, for it seems to me that this is a resolution which should be argued upon at length if it is to be

argued at all. If this resolution is passed by the Federation, it will of course be considered by the Government of India, but I should be dealing less than frankly with you if I concealed the fact that I feel many doubts and difficulties about it. The Government of India would have to be satisfied with about two things before they agreed to an enquiry of the kind contemplated. It must be satisfied, first, that there are *prima facie* grounds for thinking that the public were being exploited by the Oil Companies, and secondly, that if an enquiry was undertaken, it was likely to lead to some concrete result, for I have never been able to see the advantage of undertaking enquiries which are almost sure to be infructuous. On the first point, *viz.*, whether a *prima facie* case has been made out, there is a great deal more to be said than has been said at this meeting. On the second point, after considering the question as carefully as I can, it seems to me that there are certain obvious difficulties about the plan indicated in the minority report of the Tariff Board to enable the consumer to get petrol or kerosene at a lower price. The basis of the scheme is that although there is something like a monopoly in respect of refined oil, the price of crude oil is still regulated by free competition. Granting for the purposes of argument that this view is correct, I do not know what guarantee we have that the present state of affairs will continue, and we must remember that India is not self-supporting and has no expectation of becoming self-supporting as regards its oil supplies. Ultimately therefore, we are in the hands of foreign producers, and it is they who in the long run regulate prices. The scheme contemplates that a refinery would be established at Bombay which would purchase crude oil from abroad, and would, it is thought, be able to sell kerosene and petrol at much lower prices. Here there is an obvious difficulty, for the new Company would have to meet the most formidable competition from the existing Companies, whether Indian or foreign. It is suggested, however, that by some adjustment of customs and excise duties, the new Company might be protected against its rivals. I may say in passing that to differentiate between one Company and another in the matter of the excise duty would be an entirely novel procedure and one open to strong objection. Let us assume, however, that the plan was followed and was successful in preventing the older Companies from cutting prices to such an extent that the new Company would have to go under. What would be the result? The sale and production of oil in India would be rendered less profitable and consequently less would be imported

or produced. The new Company would sell to the retailers at the price which Government considered reasonable, but it could not meet more than a fraction of the Indian demand and what would the retailers do? We have our war experience to tell us what is likely to happen in these circumstances. The result would be that the retail dealer would profiteer on a colossal scale, and the consumer would be worse off than ever. I should be very reluctant to institute an enquiry unless I found in the first place that there was something which clearly ought to be investigated and in the second place that as a result of that enquiry it would be possible to take measures to put things right. It is not possible in a limited time to explain the case fully, but I have said so much to indicate to the members of the Federation that there is a good deal to be said besides what was said in the speeches of those who supported the Resolution.

The President.—I think that time would not permit of any other speakers speaking on the subject and I put the resolution to the vote.

The resolution was carried.

The meeting was adjourned to Saturday, the 29th December, at 11-15 a.m.

Second Day's Proceedings.

December, 29, 1928—Morning Session.

The President, Sir Purshotamdas Thakurdas, KT. in the Chair.

Government Members present: The Hon'ble Sir George Rainy, K.C.I.E. and the Hon'ble Sir Bhupendra Nath Mitra, K.C.I.E.

The Conference commenced at 11 a.m. at the Dalhousie Institute. To facilitate business, the President called upon Mr. Birla to move the resolution regarding International Labour Conference, item No. 9.

INTERNATIONAL LABOUR CONFERENCE.

(*a*) The Federation of Indian Chambers of Commerce is emphatically of opinion that India should be represented at all International Labour Conferences by Indians only and always by a full quota of Delegates and Advisers and strongly condemns the policy of appointing non-Indians to be her representatives at any such Conferences, and welcomes the endorsement by the Credentials Committee of the Ninth International Labour Conference of the fundamental principle that the delegation of a country to the Labour Conference should be national in character.

(*b*) Government should supply copies of all documents as soon as they are received from the International Labour Office to the Committee of the Federation of Indian Chambers of Commerce to enable that Committee to consider the same, forward their opinion to Government in time, and advise the Indian Employers' Delegation as to the course they should follow in the deliberations of the International Labour Conference.

(*c*) Before Government send their opinions to the International Labour Office and their instructions to the Government Delegates, the Committee of the Federation of Indian Chambers of Commerce should be consulted.

(*d*) Government should give instructions to the Government delegates that the practice of joint consultation between the three Indian delegations, *viz.*, Government, Employers', and Workers' should be followed at Geneva as is done by the delegations of other countries—and the employers' and Workers' Delegations should be furnished with the materials collected by Government with reference to the various matters coming up before the Conference.

Mr. G. D. Birla (Indian Chamber of Commerce, Calcutta): I do not think it necessary for me to read the resolution which is already on the paper. This resolution is self-explanatory. Our demand is that India should be represented through Indians alone and that the full quota of delegates should be sent to represent this country. Besides this, we demand that before forwarding any opinion from this country to the Labour Conference the Government of India should duly consult the mercantile bodies and that at Geneva Government delegates should act in consultation with the Employers' and Workers' delegates.

I do not think it is necessary for me to emphasise how essential it is that India should be represented only by her own nationals. It should be most disgraceful if it was suggested by anyone that capable men, intelligent men, worthy to represent India were not to be found in India. I am quite sure that Government will never advance such an absurd proposition. So I hope that so far as this one point is concerned, there would be no difference of opinion and Government will always keep in mind that the feeling of the country on this point is very strong and that in future for every Conference for which they nominate delegates to represent India, they would nominate only Indians. I hope Government will never commit the mistake of nominating members from other communities, for this would be tantamount to inviting trouble.

With regard to the suggestion for sending a full quota, it is essential if we were to work efficiently, that we must have a sufficient number of advisers with the delegates. I remember during the 10th International Labour Conference half a dozen committees sat for considering all sorts of subjects and it is essential that for each of the subjects on the Agenda at least two advisers should be provided.

I had a conversation,—I hope I am not divulging any secret—with my friend Sir Bhupendra Nath Mitra who drew my attention to the fact that except the United Kingdom, there was no country which sent her full quota. I am not fighting for titles or designations but I can prove from the report of the Labour Conference that Japan which is so far off from Geneva sent to the 10th International Labour Conference 24 men in all. It is true that while there were three subjects on the Agenda, they provided the Employers', as well as the Workers' delegate each with only two advisers. But they sent ten secretaries with the Government delegates to assist them and it should not be forgotten that in a country which is responsible to the people, it does not make much difference whether the secretaries are provided for Government delegates or for Workers' delegates, or for Employers' delegates. For the 10th Conference they sent two advisers for the Employers' delegate and two advisers for the Workers' delegate. Besides that, they provided ten secretaries for the Government delegation, one secretary for the Employers' delegation and one secretary for the Workers' delegation. In all they sent 24 men. If Japan could send twenty-four men from such a long distance, I am quite sure the Government of India could send the full quota so far as the Indian delegation is concerned.

This point will be further emphasized by those speaking after me. I hope Government will see to it in future that the full quota is sent if we want to work there with any efficiency.

About the proposed consultation, I think it is fair that before the Government send their opinion to the Labour Conference, they should consult the Federation of Indian Chambers of Commerce and the bodies representing labour. I do not think that Government lose anything by consulting such public bodies. Besides, it is only just and proper that the necessary literature should be sent in time to enable the workers' and employers' representatives to study the literature before they form their opinion.

Another suggestion which has been made in Clause (d) is very innocent, *i.e.*, Government delegates should act in consultation with the Employers' and Workers' delegates. I do not see any reason why Government delegates should keep themselves aloof from Workers' and Employers' delegates in foreign countries. Fortunately or unfortunately, we are in a way accustomed to that sort

of aloofness here; but once they cross the seas, I hope, they will act more in a spirit of camaraderie and work jointly with the Employers' and the Workers' delegates.

I do not think it is necessary for me to emphasize these points any more. I hope the modest demand put forward in this resolution will be accepted by Sir Bhupendra Nath Mitra who I am sure is very sympathetic towards every Indian aspiration.

PRESIDENT: As one of the Employers' delegates last year who did splendid work, I call upon Mr. Shanmukhan Chetty to second the resolution.

Mr. R. K. Shanmukhan Chetty, M.L.A.

I have great pleasure in seconding the resolution moved by my friend. In doing so I may claim to speak with first hand knowledge of the subject matter *of this* resolution, *for* some of you might remember that I had the pleasure and privilege of attending the International Labour Conference this year as one of your representatives. The first part of the resolution demands that only Indians should be nominated to represent the employers of India in the International Labour Conference. I consider it a sad commentary on the state of affairs in India that it should be necessary to put forward such a plea on behalf of the Indian Employers. In South-Africa, Canada, Germany or France it will be taken as axiomatic that the employers of a country should be represented by the nationals of that country. It is often said that in making this demand we are moved more by sentiment than by reason. As a result of my personal experience at Geneva I might assure our critics that there is more than mere sentiment behind this reasonable demand. The representation of India by non-Indians at International gatherings has tended to create the impression that in India there are not men competent to fill these places. Such an impression created in the minds of the representatives of the other countries cannot but seriously damage the reputation of India and inflict humiliation on Indians. Ten Conferences have so far been held since the creation of the International Labour Organisation and if I am not mistaken it was only in three Conferences that the Indian Employers were represented by Indians. As a result of the agitation set up in the Legislative Assembly and outside the personale of the entire Delegation from India this year was predominently Indian. I hope

that this precedent set up by Sir Bhupendra Mitra will be continued in future years.

Apart from the question of National dignity the opportunity that Indian representatives have at these International gatherings of coming into close contact with Commercial and Industrial magnates all over the world must ultimately prove to be of practical benefits to Indian commerce and Industries. Sir Purshotamdas Thakurdas referred in his presidential speech to the serious handicap that Indian business men suffer in the various commercial centres of the world and he instanced the exclusion of Indians from the jute sale rooms in London as a case in point. I am convinced that the contact established between Indian business men and the representatives from the other parts of the world at this Conference will tend to remove these handicaps and secure to Indian business men a status of respect and equality. From this practical and business point of view it is essential that India should be represented by Indians at these gatherings. It was with a view to establish this contact that while we were at Geneva we arranged for the affiliation of the Federation of Indian Chambers with the International Organisation of industrial employers. Our success in this effort was due to the astute deplomacy of my friend Mr. Khaitan. I have no doubt that the membership of our Federation in this great International Organisation will prove to be of immense benefit to Indian business men.

The second part of the resolution asks that we must be allowed to send the full quota of Delegates and Advisers. According to the treaty of Versailles the Indian employers are entitled to be represented at each Conference by one Delegate and two advisers for each of the subjects on the agenda for the particular Conference. As one who had observed at close quarters the working of the Conference this year I can assure you that to do the work at the Conference effectively we must have the full quota. The important part of the Conference work is done in a number of Committees. In this year's Conference seven important Committees were set up and the Indian Employers got a place on each of these Committees. But three of us had to attend to the work of seven Committees which in practice was all but impossible. A full quota this year would have enabled us to play a more-effective part in the deliberations of these Committees, and the Conference in general.

Now I come to the last part of the resolution. The International Labour Office prepares a number of valuable and important documents relating to the work of the Conference. This year we were supplied with these documents by the Government of India just a few days before our departure, for Geneva. This did not give us the necessary time to study these documents in detail before the beginning of the Conference. I hope the Government of India will arrange with the International Labour Office to supply these documents to the Delegates as early as possible. The Government might also instruct the Delegates of the Government of India to work in closer co-operation with the Indian employers' Delegates at the Conference. To my surprise I found that the Government of India Delegates had not received any instructions from the Government as to the attitude that they were to adopt on certain questions.

I would like to take this opportunity of paying my tribute to the great work done by Sir Athul Chatterji at Geneva and the valuable assistance that he has given to the Indian Employers' Delegation. But for the valuable advise and guidance that he gave us we would have found it very difficult indeed to discharge our duties. On behalf of the Indian Employers therefore I would like to convey Sir Atul our thanks for what he did for us. With these words I beg to support the resolution.

SIR BHUPENDRA NATH MITRA: Member-in-charge, Government of India, Department of Industries and Labour:

Mr. President, at the outset, I must thank you for your kind invitation to me to attend this conference which has given me an opportunity of meeting so many of my countrymen who are engaged in the task of developing the trade and industries of this country. In regard to taking part in your discussion, I am confronted in a greater degree with the initial difficulty to which Sir George Rainy referred yesterday. For I did not get till yesterday a copy of your agenda, and accordingly I have been unable to examine the matters with which you are concerned with that amount of care which their importance demands. Further my ability to take part in your discussion is limited by another factor. The attitude which I have consistently adopted in connexion with the discussions at the annual conference of a similar

body and which I propose to follow on the present occasion is somewhat as follows: Where a resolution aims at obtaining an elucidation of a decision of the Government or at ventilating a grievance against such a decision or some action or want of action on the part of Government, I have tried to explain the position of Government in the same way as I would do on a representation to Government being made in the matter. Where, however, the matter is one on which Government has not yet come to a decision or which might properly form the subject of a discussion in the Central Legislature, I have refused to commit myself, on behalf of Government, to any expression of opinion.

I shall in this connexion like to read out an extract from a speech which Sir Walter Wilson made last year in another place. "The reality of the change taking place was surely brought home to all of you at this conference, when on five occasions the Government Member in replying to your speeches expressed his inability to commit himself to any statement when in three cases the matter was what he called *sub-judice,* on one occasion he said the Assembly was seized with it, and on another he suggested the proper course of action might be for your representatives on the Council of State to introduce their own Bill there."

I have thought it necessary to make this preliminary explanation as I have noticed a certain amount of misdirected criticism arising out of a misapprehension of facts.

Turning now to item (*a*) of the resolution which is now under discussion at this conference, I think, that it has already formed the subject of discussion in the Legislative Assembly, and I have no doubt that it will form the subject of further discussion there. That being so, it is impossible for me to commit Government in any way to anything on the present occasion. Whatever I may say here must be taken as my personal views, intended to elucidate whatever I may have said on the proper occasion in the Assembly as the spokesman of Government.

Now this part of the resolution deals with two definite points. The first of these is that the Government of India should not appoint non-Indians to the Indian delegation to the International Labour Conference. I have no doubt that all the gentlemen present here are fully aware that in this matter we are governed fundamentally by

article 389 of the Treaty of Versailles.* I know that the question of Indian delegation was brought before a committee

*Article 389 of the Treaty of Versailles.

The meetings of the General Conference of Representatives of the Members shall be held from time to time as occasion may require, and at least once in every year. It shall be composed of four Representatives of each of the Members, of whom two shall be Government Delegates and the two others shall be Delegates representing respectively the employers and the workpeople of each of the Members.

Each Delegate may be accompanied by advisers, who shall not exceed two in number for each item on the agenda of the meeting. When questions specially affecting women are to be considered by the Conference, one at least of the advisers should be a woman.

The Members undertake to nominate non-Government Delegates and advisers chosen in agreement with the industrial organisations, if such organisations exist, which are most representative of employers or workpeople, as the case may be, in their respective countries.

Advisers shall not speak except on a request made by the Delegate whom they accompany and by the special authorisation of the President of the Conference, and may not vote.

A Delegate may by notice in writing addressed to the President appoint one of his advisers to act as his Deputy, and the adviser, while acting, shall be allowed to speak and vote.

The names of the Delegates and their advisers will be communicated to the International Labour Office by the Government of each of the Members.

The credentials of Delegates and their advisers shall be subject to scrutiny by the Conference, which may, by two-thirds of the votes cast by the Delegates present refuse to admit any Delegate or adviser whom it deems not to have been nominated in accordance with this Article.

of the 9th session of the International Labour Conference in 1926 and that committee undoubtedly held that the representation of a country should be a national one. The question is whether it follows from this dictum that the Indian delegation should consist wholly of Indians. The answer to that question depends on the manner in which you interpret the word 'Indian.' If it means all individuals who under the present constitution are citizens of India enjoying all the rights of political enquality in the matter of sufferage, or are engaged in work connected with Government, then perhaps nobody will question the soundness of your proposition. If, on the other hand, the word is used in the limited sense of individuals belonging to one of the Indian races only, the position to my mind becomes a more complex one, and doubts may be entertained about the soundness and correctness of your proposition under present conditions in India. It is because of that difficulty that possibly the Credential Committee of 1926 refused to invalidate the nomination of the member of the Indian delegation which was questioned. They proceeded to say that they had "not been able to discuss the substance of the question nor to form an opinion upon a problem, the solution of which undoubtedly rests with the Government of each of the Members." Now gentlemen, that is where I propose to leave that point. The matter will probably form the subject of further discussion, and it has already been discussed in connexion with the proposals for a future constitution of India.

The second point raised is that the full quota of delegates and advisers should be sent. The Treaty of Versailles lays down an absolute quota of delegates, but a maximum quota of advisers. I know my friend Mr. Birla said on another occasion that so far as other countries were concerned, they sent their full quota of advisers. But I am glad to see that he is now prepared to modify that statement. (*Laughter*). A few days ago I had an occasion to read the last report of the Geneva Labour Conference and I took down some figures which I shall quote. To that Conference Japan sent four Government advisers, two employers' advisers and two workers' advisers. The number of employers' and workers' advisers was precisely the same as we sent from this country. I know that to the Japanese delegation were attached 13 secretaries. But secretaries are not provided for in the Treaty of Versailles; and the question is, whether these secretaries were sent from Japan at the cost of the Japanese government, or some of the members took with them at their

own cost some of the secretaries, or whether the secretaries were provided from the Japanese Legation in London. South Africa sent one adviser for the employers' delegate and one adviser for the workers' delegate. Australia did not send a single adviser for either. Canada sent one adviser for the employers' delegate and one for the workers' delegate. If by not sending the full quota of advisers, the activities of the delegates at the various sub-committees set up by the Labour Conference at Geneva are hampered, I should have thought that the difficulty applied to the Dominions as well as to India. I do not know much about the practical aspect of the question. But I can assure you, what has fallen from Mr. Chetty will receive the most serious consideration of Government.

There is one point which must inevitably arise in connexion with the question of sending the maximum number of advisers. If I on behalf of Government were to accept the proposal of the Federation, obviously at the next conference, Government would have to send for the employers 8 advisers to the 12th International Labour Conference and 8 advisers to the 13th Conference. These figures are based on certain information supplied to me yesterday by Mr. J. K. Mehta. That means eight and eight *plus* two delegates, in all 18. Put in an equal number for workers' delegates and their advisers. That means 36. Add something more for Government delegates and their advisers. Mr. Chetty has told us that the cost per man is Rs. 2,000. Therefore the total cost would be something like a lakh of rupees.

Mr. Birla: Not much.

Sir Bhupendra Mitra: Mr. Birla says, it is not much. I am not sure of that. But in this matter I am entirely at the tender mercy of the Finance Member. It seems to me however that the Federation has probably realised that in this particular resolution they are asking for too much and when they go to resolution No. 11, they recommend four advisers for the workers' delegates for the 12th Conference and four advisers for the delegates for the 13th Conference. I shall leave this particular matter there.

Coming now to item (*b*) of the resolution, the position has now been considerably simplified by the establishment at Delhi of the office of Correspondent of the International Labour Office. I see from the papers that he has already issued a communique in which he

says that all the documents which may be required in connexion with the deliberations of the International Labour Conference can be readily obtained from his office, and it is suggested that Indian industrial and labour organisations would be so good as to put themselves in touch with that office. I gave the same advice at another place to another association of employers and I recommend that advice for your acceptance. If you follow the advice, there will be no difficulty on your part to keep yourselves in touch with the happenings at Geneva.

I now come to item (*c*) of the resolution. The proposal here is that before Government send their opinions to the International Labour Office and instructions to the Government delegates, they should consult the committee of the Federation. It is the present practice of the Government of India whenever time permits to consult the interests concerned. But this consultation must primarily be carried on through the provincial governments who under the existing constitution are primarily responsible for the welfare of labour; and all these matters which come up for discussion at Geneva relate to welfare of labour. My information is that the local Governments in their turn consult the principal organisations of employers as well as of workers. It is true that in the past the time given to these organisations for the expression of opinion has in some cases been very limited, because the time which the Government of India had at their disposal for the purpose was also limited. But it is hoped that things will improve with the establishment of the office of Correspondent of the International Labour Conference of Geneva at Delhi. There is another point which I should like to emphasise in this connexion. Whatever views the delegates of the Government of India or any other government may place before the International Labour Office are purely opinions and they do not commit the governments to any action. In some cases the Government delegates refrain from expressing any opinion. The point is, that a convention or recommendation adopted at Geneva is not binding on any member State until it is ratified or accepted by that Government and before that process takes place, the government is bound under the Treaty of Versailles to place that convention or recommendation before the legislature of the country or before such authority with which rests the power of taking action on such convention or recommendation. It is at that stage that fullest consultation with the interests concerned is needed.

Coming next to item (*d*) of the resolution my information is that Government delegates are willing to give any advice which the employers' or workers' delegates may require from them. This information has been confirmed by what Mr. Chetty has said about Sir Atul Chatterjee's attitude. If on any particular occasion Sir Atul did not give any assistance to the delegates, it is explained by the fact that he had no instructions from his Government. This is all that I can say at the present. I need hardly add that this resolution if carried will receive the most careful consideration of Government in due course. (*Applause*).

THE PRESIDENT:—Before I put the resolution to vote, I am sure you will like me to thank Sir Bhupendra Nath Mitra, for his remarks. Sir Bhupendra Nath, while we thank you for your full explanation, I am afraid you have not convinced the Federation. We, however, recognise that the proposition may be difficult one. After this, when the next resolution is moved from the chair, I will be in a position to explain what you called "obvious inconsistencies" in the course of your remarks.

The resolution was put to vote and declared carried.

The PRESIDENT moved the following resolution:

INDIAN DELEGATION AT THE INTERNATIONAL LABOUR CONFERENCES.

The Federation recommends the names of the following gentlemen to represent the Employers in this country at the 12th and 13th Sessions of the International Labour Conference as Delegate and Advisers:-

12th International Labour Conference. (June 1929)

Delegate.	Advisers.
Sheth Kasturbhai Lalbhai;	**1. Mr. R. K. Shanmukham Chetty, M.L.A.**
	2. ,, P. Mukerji.
	3. ,, B. Das, M.L.A.
	4. ,, Khan Bahadur A. Chandoo.

13th International Labour Conference. (October 1929)

Delegate.	Advisers.
Mr. Jadunath Roy;	1. Mr. M. A. Master.
	2. ,, Fakirjee Cowasjee.
	3. ,, K. C. Neogi, M.L.A.
	4. ,, Sheriff Hasam.

The PRESIDENT :—Sir Bhupendra Nath has pointed out that the executive committee of the Federation has thought it fit to nominate only four advisers in this resolution, while in preceeding resolution, they actually recommend that Government should nominate the full quota. There is very good reason for this and to a certain extent I am responsible for this apparent inconsistency. Sir Bhupendra Nath cannot be unaware of the fact that only two years ago when my friend Mr. Birla was sent as a delegate, the Government of India looked after the taxpayers' money to such an extent that they would not give him even one adviser and you all know how it taxed Mr. Birla, who returned home considerably broken down in health owing to overwork in Geneva. In 1927 the Government of India were a little more considerate to the delegate and gave him two advisers, Mr. Khaitan and Mr. Chetty. Mr. Chetty has told you what a task it was and how it taxed their energies to cope with the work. Now you will see why we have been so modest as not to ask for 8 advisers this year, but have only suggested four names. I hope in view of this explanation Sir Bhupendra Nath will be able to persuade the Governor-General in Council to comply with this request of the Federation. I am sure that the names I am submitting to you represent all India and are not restricted to any one or few provinces. We have suggested some of the best names available which will carry weight with the Indian Commercial and Industrial community. I now put the resolution to vote.

The resolution was declared carried.

ECONOMIC AND FINANCIAL ORGANISATIONS OF THE LEAGUE OF NATIONS.

Mr. D. P. KHAITAN (Indian Chamber of Commerce, Calcutta) moved the following resolution:

The Federation recommends to the Government of India that:—

(1) Government should keep the Committee of the Federation of Indian Chambers of Commerce fully posted with all information about the proceedings of all international Conferences and Committees dealing with economic and financial matters held either under the auspices of the League of Nations or otherwise.

(2) Government should in advance keep the Committee of the Federation of Indian Chambers of Commerce informed of all such Conferences and Committees to be held and of the agenda of business to be brought forward thereat.

(3) Government should consult the Committee of the Federation of Indian Chambers of Commerce in regard to such business before formulating and forwarding their own opinion and in regard to the selection of representatives to be sent to such Conferences and Committees.

(4) That full delegations should be sent to all such Conferences and Committees, and that such delegations should consist of Indians only.

He said: "This resolution is of a nature closely allied with the one which you have already passed. This deals with the economic and financial organisation of the League of Nations, whereas the other one deals with the International Labour Conference. The International Labour Conference is also a part of the League of Nations, but apart from the International Labour Conference, the League of Nations has got an organisation called the Economic and Financial organisation of the League of Nations, and it is under the aegis of this

organisation that all matters dealing with the economics and finances of the world except labour matters are discussed under the auspices of the League of Nations. You will remember that only last year a very important conference called the World Economic Conference was held and when that conference was held, the Indian Mercantile representatives in the Assembly led by Sir Purshotamdas pressed upon the Government to appoint representatives who would command the confidence of the people of India and who would express such opinion as would in the opinion of the people of India lead to the economic prosperity of this country, and not of any other country when its interests are not allied to the interests of India. Inspite of that modest request, such representatives were sent to the Economic World Conference as, it has been repeatedly stated, did not enjoy the confidence of this country, so much so that the result did prove what we feared. The opinions expressed by these representatives were found to be very difficult for us to ratify after the resolution had been passed by the World Economic Conference. In fact it has been held by eminent economists that the opinion expressed by them at the Conference is really opposed to the best interests of India. Under these circumstances, I hope, the Government of India will have no hesitation in future in appointing only Indians and such Indians only as would command the confidence of this country to all the International Conferences that are held under the auspices of the League of Nations.

I would very shortly like to discuss with you as to why it would be necessary to send nobody except Indians to these conferences. Is it said that there are no capable Indians to represent this country at the League of Nations? I hope the Government will never bring forward a proposition of this character. Then why is it that persons other than Indians are sent? Is it because that the opinion expressed by the Non-Indians or the position taken up by them is not consistent with the opinion expressed by or the position taken up by Indians themselves? If this is so, that is the strongest point why India should not be represented by non-Indians at any international gathering. If the opinion expressed by the Non-Indians and the position taken up by them is exactly similar to that taken up by Indians, there is the more reason why India should be represented by nobody except her own nationals. So far as English element or Scotch element in this country is concerned, they get ample representation through Great Britain or South Africa or Canada or

Australia. But it is only on behalf of India that Indians can get representations at these International gatherings. It is not simply with regard to the constitution of the delegation that we have got our grievances. On the eve of the conference, it will be remembered that it was only last year that we came to know of the holding of the Conference.

Therefore the first parts of the resolution lay down clearly that Government should in due time approach the Committee of the Federation of the Indian Chambers of Commerce, duly inform them what conferences will be held in future so that there would be ample opportunities for the Committee of this Federation to express its opinion and consider the matter and forward the same to Government and advise their representatives who go to the conferences accordingly. The first part of the resolution is that when the conference is already held, all papers and documents relevant to that conference should be passed on to the Committee of the Federation of the Indian Chambers of Commerce. I do not see what objection Government can have in accepting this proposition.

As regards the sending of full delegation, it may be said that Dominions do not send their full quota. I do not care what the Dominions do. We want to take full, active and intelligent interest in all the affairs that come up for discussion in International Conferences. We want to exercise that right and I do not see any reason why Government of India should deny us that. (*Applause*).

Mr. R. K. Sidhwa (Karachi Indian Merchants' Association) in seconding said: Much has been said as regards the sending of delegates in their full quota. I therefore do not want to deal with that part of the subject, but I will confine my remarks to subjects 2 and 3 of this proposition which are really very important.

It is rather surprising that government in this late period of the history of commerce and economics should not supply to the commercial bodies,—the most important part of the business that is on the agenda,—the proceedings and information in time to enable them to consult other opinions, to get the opinion of the various chambers for the purpose of placing them before the League of Nations. If the government's intention is to represent India in its true sense by sending Indians, surely then I think they should take us into con-

fidence, consult with us before-hand and supply us with all the information so that India can be represented in its true sense.

I do not want to state whether it is the intention of the government to give preferential treatment to one body against the other, and although it may not be too germane to this proposition, I am giving an instance where government gives preferential treatment to European commercial bodies.

In Karachi we import 96 per cent. of the total output of the whole of India Toria Seed. We requested the government and the Railway Board to allow us to have a Railway wagon booked in a manner whereby the seed at the port of discharge should not be deteriorated. Instead of asking us the reason why we made the request, government consulted the Chamber of Commerce at Karachi who did not agree with our views; and the Railway Board's answer was,—as the Chamber of Commerce did not agree, we cannot agree with your request. In a matter of such vital importance, where 96 percentage of the trade is carried on by Indians, it is surprising and regrettable that the Railway Board should be guided only by the opinion of the Karachi Chamber of Commerce. I am sorry to give this instance and I can quote a number of them. In the Custom department of Karachi, statistics of export and import are being given to the Karachi Chamber of Commerce but we are denied this right. We have represented times without number to Mr. Lloyd personally but still we have been refused. I can understand government denying both the bodies, but I cannot understand for one moment why they should ignore the claim of one body and supply these things to the other. I request the Hon. Commerce Member through you, Sir, that apart from all these supply of information, he would see that the Indian Chambers of Commerce are not treated on a different footing than the other commercial body, the European Commercial body. I only wish that if the government of India are really sincere in espousing the cause of Indians, then they must look to both the bodies. (*Applause*).

Sir George Rainy:—I will try to deal with this resolution as briefly as possible.

This resolution has been divided into four clauses, but in substance there are three proposals. In the first place, the Federation wish to be informed of what has been done by the League of Nations

and its Economic Organisations, of what is being done and of what is going to be done. I may say at once that the Government of India have no desire to keep secret any proceedings of the League of Nations, nor is there any reason why they should. If in the past we have failed to give sufficient publicity to any particular proceedings, we must try to do better in future. I do not want to commit myself absolutely at the moment, but I do not see any reason why we should not be able to devise methods by which certain classes of documents would be communicated as a matter of course to the Federation. As an example of what we have done in the past, I may mention that the reports of the World Economic Conference and of the Indian delegation were specially reprinted and put on sale, while free copies were sent to every member of the Legislature and to Chambers of Commerce. We recognise that steps should be taken to give wide publicity to what has been and is being done, though I cannot at the moment say how far the Government of India would be prepared to go in the way of circulating papers. You can, however, do something to help yourselves. I hold in my hand a copy of the montly summary of the League of Nations, containing about 100 pages, which can be purchased for the modest sum of six pence. I think it would be well if Chambers of Commerce, who do not at present see it, take copies regularly. In that way then you would get a good idea of what is going on.

The next point taken in the resolution is that Government ought to consult the Committee of the Federation before they formulate their views with regard to the subjects that are to come up for discussion. In regard to that, I think it is desirable that we should consult all important commercial bodies about matters of this kind when an international conference is about to take place. What I am not clear about in my mind at the present moment is the method of consultation. Hitherto the practice has been to consult commercial bodies through the Local Governments, asking each Local Government to obtain opinion from all important commercial bodies within its sphere. We have never for instance asked the Associated Chambers of Commerce as a body for its opinion on any pending question. If in future we are to consult the Indian Chambers of Commerce, through the Federation, that will mean a change in procedure about which Local Governments might have something to say. I am not pronouncing against the proposal, but I want time

to consider it. In any case, if we prefer to adhere to our existing procedure, I can see no objection to sending simultaneously to the Committee of the Federation a copy of our circular to Local Governments in order to let them know what we are doing. They would in this way get an opportunity of considering the matter. One reason which is in my opinion against the change of procedure is that sometimes chambers in a particular matter may represent different interests, and a particular chamber may wish to give an individual opinion, apart from any general opinion that might be accepted by the Federation.

Finally I come to the last part of the resolution, namely, that the Federation should be consulted as regards the selection of representatives to the International Conferences and that those selected should invariably be Indians. I cannot commit myself at all as regards the question of Indians, and indeed I have very little to add to what has already been said on the subject by Sir Bhupendranath Mitra. What I do say is this. It is always our practice in selecting delegates to see whether we cannot make arrangements for the appointment of Indians. But there is a difference between conferences at which employers and labour as such are represented—it was with these that the Hon'ble Sir Bhupendra Nath Mitra had to deal and the conferences with which we are concerned in the Commerce Department. Some of them, though not technically diplomatic conferences, approach very closely to that character. It is natural that in such cases the representatives of India should be Government officers, and I am not prepared for a moment to agree that in cases where the obviously suitable person is a European officer, Mr. Lindsay for instance, who has frequently represented us, Government should not be free to select the most suitable person. That being so, I am not prepared to agree to any proposal which would have that effect. We usually try to obtain the services of the High Commissioner, but he is a very busy man, and it is physically impossible for him to attend always. However, I will bear in mind the views which have been expressed by the Chamber and I shall regard them as weighty.

On the point that the Federation should be consulted in regard to the selection of representatives, there too, I should prefer not to make any commitment at the present moment. But obviously it must be the desire of Government to select representatives who would

be generally acceptable. If we cannot do that, we fail, partially at least, to secure our object. While I do not think it would be right at this stage to give any pledge, I shall regard the opinion expressed by the Federation as weighty and it will be duly taken into consideration.

The resolution was carried.

JUTE.

MR. H. P. BAGARIA: (East India Jute Association, Calcutta).

"In the opinion of this Federation the Government of India should as soon as it is possible give effect to the recommendation of the Royal Commission on Agriculture, *viz.*, to appoint a Central Committee for Jute on the lines of the Indian Central Cotton Committee. In constituting the Committee, proper and adequate representation should be given to all sections of the jute trade, and to properly safeguard the interests of the cultivators, at least half the members of the Committee should represent jute growing interests. The Committee should amongst other things try to establish organised markets on the lines of the Berar Cotton Markets, promote legislation for the fixation of permanent standards of quality for all dealings in jute, and bring about the establishment of a Futures Market for jute like the Bombay Cotton Market."

Mr. President and Gentlemen:—My resolution refers to what is known as the golden fibre of India.

Jute is one of the principal crops grown in this country for the purpose of export. Jute and jute manufactures form about 15 to 20% of the total export trade of India. The province of Bengal is however particularly interested in this fibre. The cultivation of jute is mainly confined to this province where annually about three and a half million of acres are put under jute which yield on an average about one crore bales of 5 maunds each. A very large portion of the trade and commerce also of Calcutta consists of either jute or jute manufactures.

The Royal Commission on Agriculture has made certain important recommendations regarding jute. One of these recom-

mendations is that a Central Committee on the lines of the Indian Central Cotton Committee should be set up for jute and that the Government of India should finance its activities by making an annual grant of Rs. 5/- lacs from the central funds.

So far as the setting up of such a Committee is concerned there can be no difference of opinion between the various sections of the jute trade. The trade, however, has still no idea as to the proportion in which the various interests concerned are to be represented on this Committee.

The Agricultural Commission beyond stating that it will not be difficult to form such a committee has not tried to give an idea as to how it is to be constituted. They have also omitted to lay down any definite line of policy to be pursued by the Central Committee, nor have the functions to be performed by it, been anywhere clearly defined. The Commission has simply said that a committee which should watch over the interests of the jute trade from the field to the factory should be set up. I am afraid in the absence of any clear ideas as to the functions to be performed by this committee, the organisation may be used to further sectional interests.

The mere setting up of a committee is not going to be in the least helpful to the jute cultivators. On the contrary, if a Central Committee with a preponderance of jute consuming interests on it is to be appointed, there is every fear of its proving the proverbial "King Stork" for the agricultural interests. At the time of the appointment of this committee the Government of India should not forget the fact that the Raison d' être of the Commission was to suggest means and to devise measures for the economic uplift of the agricultural classes. The Agricultural Commission has prefaced their recommendation regarding the appointment of this Committee by some remarks on the desirability of keeping down the price of jute. If this Committee with the financial resources to be placed at its disposal by the Government of India is to be used as a lever for keeping down prices, I am sure, no one with a desire to further the interests of the agriculturist would desire in the least the establishment of such a committee. It is absolutely necessary therefore that at least half the members of the committee should be elected by jute growing interests. In the absence of a sufficient number of representatives from this section there is every likelihood of this committee watching the interests of the factory and not the field.

Besides the agricultural interests there are various other interests concerned. There are the Indian and European jute importers, brokers, balers, shippers and jute mills agents. There are several organisations which look after the interests of a particular section of the trade. For example, there are the Indian Jute Mills Association, The Calcutta Baled Jute Association, Calcutta Jute Dealers Association, The Bengal Jute Dealers Association, The Calcutta Balers Association, The East India Jute Association, The Hatkhola Banijya Sabha and so on. I hope the Government whilst appointing this committee will not allow any one section to get undue representation at the cost of the interests of other sections being overlooked.

I have not the least desire to introduce any racial question in this matter, but I beg to draw the attention of the Government of India to the fact that in many of the sectional organisations, Indians have no voice at all. For example, the Calcutta Jute Dealers Association which claims to represent jute importers confines its membership to Europeans only and on the committee of the Indian Jute Mills Association there is not a single Indian although Indians hold nearly 70% of the total shares. The membership of the Royal Exchange is open to any non-Indian with a stake or no stake in the trade, but the most reputable Indian firms are denied its membership. There is a difference of annas -/8/- to Re. 1/- per maund in the price of jute imported by Europeans and that imported by Indian merchants.

The success or otherwise of the proposed committee will depend mainly on its constitution. The Government of India should therefore see that a committee acceptable to the various interests is set up. It will not be very difficult to form such a committee if the various sections work in a spirit of mutual co-operation, and give up the idea of having the controlling interest in it. The constitution of the East India Cotton Association is an example of it.

The first matter that should engage the attention of the Central Committee should be the question of jute standards. You, Sir, in your opening speech have referred to the Cotton Standards Act passed by the United States of America in the year 1923 according to which no American subject can on pain of criminal prosecution deal in American cotton except on standards fixed by

that Act. You have also informed us as to how the shippers of American cotton have been able to find representation on the Supreme Boards of Arbitration along with the foreign buyers of American cotton.

Compared to this, it is indeed sad to find that in such an important trade as jute there are no definite standards of quality. The various grades under which jute transactions are carried on are nowhere clearly defined, and are subject to constant fluctuations and interpretations according to the whim and fancy of the buyers. In case of a dispute regarding quality there is no test provided for by which the quality could be decided to the satisfaction of both buyers and sellers.

The jute trade of Calcutta can be divided into two parts, *i.e.*, the jute for local consumption and the jute for export. The two sections are respectively known as the loose jute and Pucca Bales trade.

All sales of jute made to the local mills are made on the basis of various grades known as 1's, 2's, 3's, 4's, R's, T.R's, B.T.R's and H.J.R's and so on. The quality of jute to be tendered against each grade is nowhere defined either in the contract or in the rules of the Indian Jute Mills Association. The result is that the quality to be tendered against each grade varies not only in the different seasons but even in any one season there are frequent changes.

A good deal of confusion prevails in the trade owing to these constant changes. The sellers are never able to know as to what they are expected to give against their contracts. They make sales of lacs and lacs of bales on a certain understanding and by the time of delivery they find that the grade which they had contracted to deliver has appreciated very much with the result that they have to pay a very heavy allowance or deliver jute far superior to the quality originally agreed upon thereby suffering heavy loss without any change in the market. No seller under such circumstances can ever hope to make profit. During the last two seasons only the importers have been put to the loss of crores of rupees by such appreciation of the standards.

In case of a dispute between the buyer and seller regarding the quality of a particular lot, there is no basis on which

the arbitrations proceed. The only basis described in the contract is what is known as the "Standard of the Mark" which means that the quality of jute to be tendered against each grade will vary according to the standard set up by each individual seller.

Regarding this basis of arbitration I will quote here what one of the buyers themselves Mr. C. A. Wild of Messrs. Anderson Wright & Co., said at a meeting of the Indian Jute Mills Association held on January 21, 1927. He said that he did not think that the Standard of the Mark was a clear enough basis as if they bought on this standard and the matter ever went to court it would be very difficult to prove that standard. He felt that it would benefit the trade in general if everybody agreed to buy their requirements on a common basis *so that their contracts represented actually what they bought.* I would particularly draw your attention to these words. It goes to show that the present contracts do not represent what is actually bought by the buyers. As regards arbitration, the sellers have no voice in it. The buyers or their brokers are the only people who are members of the Bengal Chamber and thus entitled to arbitrate in such disputes.

These frequent changes operate detrimentally to the interests of not only the middlemen but the worst sufferers are the cultivators. By means of manipulation of standards, the buyers are able to bring about a hidden fall in the price of jute.

Divested of technical names, suppose the jute grades are known as 1, 2 & 3, and that the price for them is Rs. 12/-, 11/- and 10/- per maund respectively. The mills after buying a little jute stop all of a sudden buying No. 1. In the absence of any business for No. 1, the sellers will naturally begin delivering in No. 2, all the jute that they used to tender in No. 1, though they get a lower price for No. 2. The mills after sometime stop buying No. 2, also and commence buying another grade known as No. 4. The result is that all that was being tendered in No. 1, and No. 2 begins being tendered in No. 3 which means that the jute which sold at Rs. 12/- per maund begins to sell at Rs. 10/-. It is only as a result of such frequent appreciation that a quality known as H. J. R. which is inferior to even Rejection is at present the top quality in the loose jute trade.

I will now give concrete instances of this sort of manipulation by the jute mills. In the season 1925-26 the grades A's, R's and

T.R's were in force (The 1's, 2's and 3's had already vanished in the way explained above). A lower grade called B.T.R. was invented later on in the same season. It will be interesting here to give the full meaning of the grade B.T.R. It is Bad Terrible Rejections. But in spite of its rather terrifying name it was quite good jute from which the mills could spin a high percentage of Hessian. I am reminded of a funny incident. A mill once bought a few hundred bales of B.T.R. jute from a merchant who delivered his godown sweepings against the contract. When the buyer objected, he said, "My dear Sir, what is the meaning of B.T.R. it is *Bad, Terrible, Rejections*. What do you expect me to tender against that."

The Jute Mills Association saw that the grades had reached their lowest point; they could not possibly go below Bad Terrible Rejections. They therefore in Mussolini fashion decided that for the season 1926-27 the grades will be changed. They wanted to change the names so that they could play their favourite game of appreciating the standard. By their letter dated 20th January, 1927 they informed the Calcutta Jute Dealers Association as under :—

> "Regarding the arrangement of jute marks for next year it will be noted by your Association that for the next season the marks at present in force will go up two grades instead of one as previously agreed between your association and this association".

No reason is assigned for this change. The will of the Jute Mills Association is law in the loose jute trade.

A few months back the Bengal Jute Dealers Association which represents the Indian importers carried on a good deal of correspondence with the Indian Jute Mills Association over this question. It was then found that 60% of the buyers were agreeable to buy on definite standards but owing to the refusal of the remaining 40% the change could not be brought into force.

A similar state of affairs exists in the Pucca Bales trade. The merchants who press jute into pucca bales are known as Balers. They sell their bales to the shippers of jute. Unlike other trades no survey of quality is held in Calcutta at the time the goods are taken delivery of the buyers. The baler has to sign what is known as a

"Home Guarantee Form" which means that he is bound to pay any allowance which may be awarded by the London Jute Association. This means that for several months the balers are not able to know as to whether their goods are up to the standard or not.

As regards arbitration in London, the sellers have not the least representation there. Buyers of jute in London and Dundee are the only arbitrators. The cost of arbitration is so heavy that the sellers always prefer to settle amicably by offering to give some allowance rather than go to arbitration. There is a good deal of dis-satisfaction amongst the balers over this matter but against the superior organisation of the European shippers and consumers of jute they are quite helpless. I hope the Central Committee when constituted will take up this very important question and try to bring about an equitable arrangement between the buyers and sellers of jute.

Next to prices, the question of marketing is of the greatest importance to the cultivators. The whole of jute is at present marketed in a most crude fashion.

The Agricultural Commission has recommended that markets for jute on the lines of Berar Cotton Markets be established in Bengal.

In the absence of regular Markets, the cultivator is subject to various malpractices by the buyers. Weights are manipulated, illegitimate deductions are made from the price and in case of the market having moved against him before payment is made, the buyers raise unnecessary objections regarding quality in order to extract something by way of quality allowance. I do not mean to say that the agriculturist is an angle and is free from any practices of such a nature. There are frequent complaints of fraudulent watering of jute by the cultivators.

I am sure with the establishment of proper markets many of these practices could be put a stop to.

I hope the committee would be able to bring about the establishment of such markets.

Another very important matter which concerns the jute trade and which the Commission has failed to deal with, is the

establishment of a properly organised Futures Market for jute in Calcutta.

The establishment of a Futures Market in commodities is like credit facilitates in trade and commerce. A Futures Market means that the number of buyers is increased which means better prices. It has been argued in certain quarters that if a Futures Market brings in "Bulls" it also brings in "Bears" who make fictitious sales without holding any goods. Thus according to them, the establishment of a Futures Market cannot have any effect on the course of prices. The people who advance this argument forget that besides the question of supply and demand there is another very important factor which determines prices. That factor is the Holding power of the seller or the urgency of the need of the buyer. Speculators can by means of their financial resources create an artificial demand or they can provide more holding power, but they can certainly not change the amount of production. Owing to the existance of a Futures market for Hessian the Jute Mills in Calcutta are able to make sales of their produce months ahead of the actual time of production. Mr. J. Syme of Messrs. Andrew Yule & Co., than whom a saner businessman would be difficult to find in Clive Street once said "Without the Bazar as a factor the mills would be entirely at the mercy of the American buyer."

Even the London Jute Association has recognised the advantages to the trade of well regulated Futures Market.

I admit certain evils are associated with speculative markets but by proving proper safeguards, they can be totally eliminated or minimised. The Cotton Markets in New York, Liverpool and Bombay are examples of it.

Mr. Radhakrishna Chamaria (Bengal Jute Dealers' Association), seconded :—

On behalf of the Bengal Jute Dealers' Association, I have great pleasure in seconding the resolution moved by my friend Mr. Bagaria.

In supporting this resolution, I beg to point out that upto a few years back, there use to be a sort of definition for the different grades. This definition was known as "Yield guarantees". The yield guarantees in plain language meant that the jute tendered

against a particular grade was guaranteed to yield on spinning a certain percentage of either Hessian or sacking warp or weft. This definition was embodied in all contracts.

These definitions have, however, been done away with by the Jute Mills Association during the course of the last five or six years.

It may be interesting to mention here what even the European Jute Importers think about the present arrangement.

In their letter dated 18th October, 1926 addressed to the Indian Jute Mills' Association regarding the question of Jute Marks and Standards they said, "The system of giving a guarantee for each mark was in force upto within a year or two and this Committee would propose that a return might be made to that system which appears to be a more satisfactory arrangement to all parties than the persent one".

As regards the baled Jute trade, the system of home guarantees is a very inequitous one. In the absence of any surveys in Calcutta, the balers are not able to know for months together as to whether they stand to lose or gain in a particular deal. It is simply a gamble in allowances.

I hope the Central Committee will take up this every important matter and try to bring about the establishment of definite standards of quality not liable to frequent changes.

With these words, Gentlemen, I beg to extend my cordial support to the resolution.

Mr. A. C. Chaudhery, (Bengal Jute Dealers' Association), supporting said :—

I have great pleasure in extending my support to the resolution which has been moved by Mr. Bagaria.

The prosperity of those engaged in trade and commerce of Calcutta is inseparably bound up with the prosperity of the jute agriculturists. Any means therefore which are calculated to likely further the interests of the agriculturists should command the whole-hearted support of all businessmen.

The Jute Central Committee which is to be constituted with the financial resources to be placed at its disposal by the Government of

India, will be a great power for either good or bad. That will depend entirely on the way in which it is constituted. There is an Indian saying that even a deadly poison like arsenic may be made to yield results like nectar if it is put in proper hands. On the contrary the best medicine may in unskilful hands act like poison. This meeting therefore cannot but urge upon the Government of the country the necessity of giving at least 50% representation to the agriculturists of jute.

As regards the question of standards this has been a grievance of long-standing with all jute merchants. Their sad plight can be better understood by an analogy. Suppose a cloth merchant contracts to sell 100 yds. of cloth. He of course calculates a yard's length at 36 inches *i.e.,* the current length. If by the time delivery is completed the lengths of the yard all of a sudden changes to 40 inches or say any other length one can imagine the difficulty of the seller.

A standard of measure which is liable to change at the will of the contracting parties is not a desirable thing at all from any point of view. The serious inconvenience caused to all merchants by frequent changes in the standard of foreign exchange is still fresh in the minds of all businessmen.

I need not say that this state of affairs would not have been tolerated in any other country. If the Government of India sincerely want to improve the lot of agriculturists, they should immediately take measures to set this iniquity right.

The jute merchants who demand the fixation of standard do not insist on any particular standard. They leave this question entirely in the hands of the buyers. What they want is that some standard of quality should be fixed once for all so that traders can know what they have got to deliver.

As regards the remarks made by the Agricultural Commission on the question of substitutes, I beg to warn the Committee that is to be constituted that this bogey of substitutes will continue to be raised from time to time by interested parties. Under the guise of concern for the agricultural interests, their real object is to make the agriculturists produce in excess of the actual world requirements so that they may have to sell at lower prices. Sir, three years back when a

short jute crop was apprehended, the price of jute went up from Rs. 60/- to Rs. Rs. 140/- per bale. No substitute came then. The price of manufactured goods can go upto any height thereby enabling the jute mill owners to declare fat dividends, but if the poor cultivator gets a little more for his jute, consumers raise up the bogey of substitutes.

Le us see, what the rise in the jute prices three years back meant to the agriculturists? An unprecedented wave of prosperity passed over all jute districts. The wretched hovels of the poor jute cultivators gave way to C. I. sheet roofed huts. Instruments like photographs, fine cloths, &c. were brought in large quantities by them, and even time-barred debts were paid off. In short, there was a sort of boom. I hope the Central Jute Committee when constituted will keep its eye more on the interests of the dumb cultivators than that of the organised and powerfully vocal consumers. With these words, I heartily support the resolution, that is before you.

The President: Before I put the resolution to vote, I want to say just one word. I am sure you will agree with me that Mr. Bagaria has made out a very strong case in his able speech in connection with the marketing of jute. In fact, it strikes me from what I have heard although I am not personally interested in the matter, that the problem is a serious one, and I think it would meet with your wishes if I suggest that this extract from the proceedings will be prepared at an early date and forwarded to the relevant departments of the Government of India for information and necessary action.

The resolution was put to vote and declared carried.

The President: I am sorry I did not ask Sir George Rainy to speak a few words on the subject before I put the resolution to vote. He told me that this was a matter concerning the Hon. Sir Mahommed Habibulla's department, and his department comes in incidentally.

CONSTITUTION OF PORT TRUSTS.

The President before moving the resolution re: Constitution of Port Trusts (item No. 15) stated that if the house would permit he would like to delete the last sentence of the resolution *viz.*, "and

whereby it should be obligatory on each board to make its meetings open to the public," to which the House agreed. The following resolution as amended was then moved from the Chair and carried :

This Congress strongly urges the respectve Governments to so amend the Constitution, Rules and Regulations of the Port Trust Boards in Indian Ports, whereby, 75 per cent. of tbe members therein should consist of Indians elected by commercial and other important bodies.

Mr. L. R. Tairsee (Indian Merchants' Chamber, Bombay) moved the following Resolution :

(*a*) The Federation welcomes the proposed new rules with regard to the purchase of stores issued by the Government of India, and congratulates Government on their accepting the principle of calling tenders IN INDIA, IN RUPEE CURRENCY AND FOR DELIVERY IN INDIA, which was advocated by both the Indian and British Commercial communities in this country.

(*b*) The Federation suggests with regard to these that if for any reason purchases are not made in India as provided in these rules, the reasons thereof should be recorded and copies of same supplied to the Chambers of Commerce.

(*c*) The Federation is of opinion that the India Stores Department, London, should be under the control of the Stores Department, in India.

(*d*) With regard to Rule 7 providing for purchases of (1) Lethal weapons, (2) Munitions of war, (3) Technical apparatus and equipment, (4) and any other stores required by Naval, Military or Air Forces of the Government of India, etc., the Federation suggests that the same should be obtained by indent through the Chief Controller of Stores, on his certifying that these articles

are not obtainable in India on reasonable terms and of suitable quality.

He said :—

On the priciple of "Let the dead-past bury its dead", I do not propose to go into the genesis of the Resolution. If I take you through the various stages through which this question has passed it will take unnecessarily your time and will but be repeating what you, the representatives of the Indian trade, know so well.

The resolution congratulates the Government of India on the principle they have now accepted, a principle for which the Indian Merchants' Chamber, in the first case, and all others, have been fighting for the last 10 years, and now that it has been accepted, I do not think we are going out of our way to congratulate the Government on this belated acceptance. The underlying object of the Stores Purchase Policy should be to give encouragement to the industries of the country. Now that the Government of India have accepted the principle of encouraging indigenous industries let us trust and hope that they will devise ways and means to see that industries prosper in this country. In the Partition days, Lord Minto spoke of "honest Swadeshism". Here it is, and let us hope that the Government of India will honestly carry it out. We welcome the new proposed rules with regard to the purchase of stores. We know by experience that Government are clever in drafting rules which on the face of them read well. The Biblical precept has it that "The letter killeth; the spirit enliveth", and let us hope that the ingenuity of Government will not be wasted in interpreting the rules, but in carrying out the spirit of the said rules, now that the principle has been accepted by Government. Clause (b) of the resolution suggests that if for any reasons purchases are not made in India, the reasons should be recorded and copies of the same be supplied to the Chambers of Commerce, the object being to let the trade know what is not available in this country, so that they may devise means to make such supplies available in this country, and the Government will thus be put to enquire, as it will be their bounden duty to do so now that they have accepted the principle of encouraging Indian industries, as to why articles are not available in this country and to think of ways and means of making them available. The clause (c) of the resolution expresses the opinion

of the Federation that the India Store Department, London, should be under the control of the Indian Stores Department in this country, the object being not to have two heads under one hat and this dyarchy, so disastrous in matters political, in regions economic. We desire that the Stores Department be brought under one head, so that we know whom to appeal to and have not to go the round of the circumlocution department. The object of clause (d) is obvious. India found during the War that for most of the articles she could not produce she had to depend upon available outside supplies at prohibitive costs. There was but one Emden loose, but if we had a number of them, I dread to think of the position to which we would have been driven. I will conclude by appealing to the Member-in-Charge that the same spirit which is behind the principle and to give effect to which the rules have been framed be brought to carry out the policy, so that the object which this resolution has in view may be given full hundred per cent. effect.

*Mr. Shrikishendas H. Lulla (Karachi Indian Merchants' Association) seconding said: I have great pleasure in associating myself with the resolution that has been placed before you. The history of the question, now before us, dates back to the last century. This department is the department of the Government of India which makes purchase for the Government of India. These purchases have always been made in England through the Stores Department which was a part of the Secretary of State's Office. The history of that department is indeed heart-rending. I will not call to your mind anything of my own; but I will refer you to a passage from the report of the Committee appointed by the Government of India in 1909 to show how they dealt with us in this matter. In that report, you will find the history of the question traced.

If the Government of India have accepted these rules, it is by virtue of the discussion that took place in the Legislative Assembly in 1924 on the motion of Mr. Jinnah. As that resolution itself will point out, the Government of India have only accepted the main principle underlying the resolution. I wish to emphasise that that resolution had not been accepted in its entirety.

*Speech not substantiated.

We congratulate the Government of India on their accepting the principle of calling tenders in India in Rupee currency and for delivery in India. This was advocated by both the Indian and British commercial bodies in this country. And why? They must remember the economic principle. It is the demand that fosters the supply. So long as there is no demand, there is no supply. Whenever there is demand,—and Government of India are the biggest purchasers, and they create demand,—industries are sure to grow. As an example I may point out what happened during the War. The first Munition Board were able to make purchases which were surprising to the then Member-in-charge, Sir Thomas Holland. It is necessary that the public may criticise, that the Legislature may criticise, that they should know whenever Government does not confrom to these rules the reasons must be made available both to the public as well as to the commercial body so that the matter may be properly criticised.

The other point raises the question put by Mr. Jinnah in the Assembly to which no attempt was made to answer. What steps have been taken in regard to the question whether London is going to be an agency or will it continue to be the centre? These rules tell us nothing on the point. I have got the draft rules in my possession, but there is not a word there with regard to the point. We want to know the exact position of the Stores Department,—whether London is going to be the Head-quarter or a mere agency of the Indian Department.

The last point on the subject has been dealt with by my friend. I do not wish to take more of your time, but I will leave the question to your acceptance.

Mr. Ratilal M. Gandhi (Seed Traders' Association, Bombay), supporting said:—As the mover has not thought it fit to go into the history of the Stores Purchase policy of the Government of India, I do not think it would be proper for me at this stage to do that. It was our constant complaint that the Government of India, though professing to encourage the industries of the country, pursued a policy which in effect showed that they were not very sincere in their professions.

So far as the first item of the resolution is concerned it is not quite satisfactory. Rule 6 of the draft rules prepared by the Govern-

ment of India excludes the Seeds,—which trade I have the honour to represent—from among the articles to be bought in India. I do not understand why seeds are to be excluded. Seeds are one of the principal commodities that are being produced in India and seeds are necessarily to be bought in India.

With regard to the other items, we are making certain suggestions and I think Government will very earnestly take those suggestions into consideration and act upon them.

The Hon. Sir Bhupendra Nath Mitra: Mr. President, on behalf of Government, I thank the mover, the seconder and the supporter, and all the gentlemen who are taking part in passing this resolution, for the congratulation which they have so kindly showered upon the Government of India for their action in this matter. I have no doubt that it is the desire of the Government of India to interpret these rules properly and with due regard to the object for which they are being brought into force.

In regard to the points raised in clauses (b), (c) and (d), I am afraid that I am not in a position, for reasons which I have already given, to commit the Government of India about these various matters. My recollection is that I have seen some suggestions of this sort in a document from the Indian Merchants' Chamber, Bombay, to the Government of India some time ago. The individual opinion of that chamber and the collective view of your Federation, I can assure you, will receive the careful consideration of the Government of India, when they deal with the various criticisms made in connection with these rules.

Subject to the general qualification, I shall try to offer a few remarks in connection with some of these items. With regard to item (c), to the best of my recollection, it is the intention of the Government of India to put the Stores Department in London under the Stores Department in India. I am speaking from memory without committing myself in any way. It will, however, take some time before the precise arrangement can be devised.

When I come to clause (d), I can tell you frankly that it will probably be impracticable for the Government of India to accept the suggestion. These articles have to conform to certain specifications, and generally speaking we make our purchases from factories where

the articles come under the inspection of the officers of the war office. However, this item along with the other suggestions made by this Conference will receive the most careful consideration of the Government of India before they finally adopt the draft rules.

The resolution was put to vote and declared carried.

THE PRESIDENT:—Before I adjourn the meeting for lunch, I am sure, you would all like me to thank on your behalf the Hon. Sir George Rainy for his attendance here since yesterday afternoon. I mention it at this stage because Sir George will not be here this afternoon, and you will not excuse me if I allow Sir George to leave the Hall without your hearty vote of thanks (*Applause*).

Sir George Rainy:—I should like to thank you most cordially for the kind reception accorded to me. If I am to work next year, I suggest, you should let us have your agenda or a large part of it a month before the Conference. I thank the Federation.

THE PRESIDENT:—The meeting stands adjourned till 2-45 P.M. this afternoon.

Second Day's Proceedings.

December, 29, 1928—Afternoon Session.

Sir Purshotamdas Thakurdas, KT., C.I.E., M.B.E., M.L.A. President, in the Chair.

Government Members present:—

The Hon'ble Sir Bhupendra Nath Mitra, K.C.I.E.

The Hon'ble Sir George Schuster, K.C.M.G., C.B.E., M.C.

INDIAN NATIONAL COMMITTEE OF INTERNATIONAL CHAMBER OF COMMERCE.

(a) That the Indian National Committee of the International Chamber of Commerce be and is hereby established;

(b) That the members of the Federation of Indian Chambers of Commerce shall be Organisation Members of the said Committee, other members to be elected in accordance with Rules to be framed;

(c) That the expenses or any deficit therein, of such Committee be met from the funds by the Federation of Indian Chambers of Commerce.

Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta), in moving the above resolution said: This resolution if accepted would launch a very useful institution in our country. I will shortly explain to you the utility and importance of founding the Indian National Committee of the International Chamber of Commerce. International problems in Europe from the capitalists point of view are managed by two institutions, one is called the International

Organisation of Industrial Employers and the other one is called the International Chamber of Commerce. All labour questions and questions that come up before the International Labour Conference are considered and views formulated by the International Organisation of Industrial Employers. This year our Federation has become a member of the International Organisation of Industrial Employers. All other economic and financial matters that do not come under the category of labour are dealt with from the capitalists point of view by the International Chamber of Commerce whose head-quarters are at Paris. It is this Chamber that very often prepares materials, collects statistics and information of the various chambers of commerce throughout the world and prepares all materials to be sent to the League of Nations in order that they might be placed before the various conferences that are held under the auspices of the Economic and Financial organisation of the League of Nations. In fact when the World Economic Conference sat the real materials that were placed before the World Economic Conference were collected together and prepared and ultimately placed by the International Chamber of Commerce for consideration at the World Economic Conference. I am giving you this only as an example. In respect of several International conferences which do not come under the auspices of the League of Nations even at these conferences the International Chamber of Commerce plays a very important part. For the last two years or thereabout the Federation of Indian Chambers of Commerce has been an Organisation Member of the International Chamber of Commerce but simply to be an Organisation Member of the International Chamber of Commerce is not sufficient because by remaining an Organisation Member only we are not entitled to nominate members on the Council of the International Chamber of Commerce. We could not be included in the delegations that are appointed by the International Chamber of Commerce for the various international conferences that are held. Thirdly, the International Chamber of Commerce does not send to a mere Organisation Member all the papers and documents that are either in the course of preparation or have been prepared for consideration. It is therefore necessary from the point of view of the great interest we have begun to take in international matters that we should acquire a higher status in this powerful institution. It is only by constituting an Indian National Committee that we can do it. By forming the Indian National Committee I believe we can nominate

three members to the Council of the International Chamber of Commerce. We shall be entitled to be present at all conferences and committees that are held under the auspices of that international body and through these means we shall be able to give our advice and have our point of view properly considered before they arrive at a formal decision at regular international gatherings. I therefore hope that you will agree with me in thinking that the Indian National Committee ought to be established. For that purpose it is necessary that chambers and other mercantile bodies should become members of the National Committee. It also allows individual firms and persons to become members of the Indian National Committee but they will not be called Organisation Members but they will be Associate Members of that body. To this Indian National Committee I propose that all the members of our Federation should automatically become Organisation Members so that we start with a good membership of 29. We shall all be very glad if the European bodies in India also become members of this committee so that through it a larger amount of co-operation can be established between the Indian Mercantile community and the European mercantile community in India.

At the present moment in consultation with our President, Sir Purshotamdas Thakurdas, we have thought that the Federation of Indian Chambers of Commerce should meet the expenses or any deficit that there may be in the formation and maintenance of the Committee so that we do not start with any difficulty about finances that are required to run this institution. I hope that you will agree with me in these matters and pass this proposal.

Mr. L. R. Tairsee (Indian Merchants' Chamber, Bombay) seconded the proposition remarking that it is a step in the right direction.

The President: Before I put this to the vote I want to say one or two words. I hope this National Committee which is going to be started and which I know will be affiliated to the International Chamber will offer to the Government of India a solution of the difficulty.—I sincerely trust that it will not be a mere pious resolution and that the Government of India and Sir Bhupendra Nath Mitra will agree that this is a step in the right direction.

The resolution was carried.

OFFICE BEARERS OF THE INDIAN NATIONAL COMMITTEE.

Mr. G. D. Birla (Indian Chamber of Commerce, Calcutta) proposed:

That the following gentlemen be and are hereby elected to be office-bearers and members of the Executive Committee to manage the affairs of the Indian National Committee and to frame its rules and regulations:—

President:

Sir Purshotamdas Thakurdas, KT., C.I.E., M B.E., M.L.A.

Vice-President:

Mr. D. P. Khaitan.

Members:

Mr. Kasturbhai Lalbhai, (Ahmedabad).
,, Walchand Hirachand, C.I.E., (Maharashtra).
,, S. N. Haji, M.L.A., (Bombay).
,, R. C. Pandit, (Behar and Orissa).
,, K. C. Neogy, M.L.A., (Bengal).
,, Fakirjee Cowasjee, (Karachi).
,, R. K. Shanmukham Chetty, M.L.A., (Madras).
,, Khan Bahadur A. Chandoo, (Burma).

Mr. Birla said:—I propose the name of Sir Purshotamdas Thakurdas as President because the institution which is going to have an international status should have at its head a man who commands international reputation and in this respect I cannot think of any better man than our President. Mr. Khaitan has been keeping himself in close touch with international commercial opinion and therefore it is desirable that he should be elected as Vice-President of the Committee. As regards the members, I have

nothing to say because they are all well-known figures in the Indian commercial world.

The resolution was seconded by Mr. M. A. Chetty, (Madras).

The President :—The name of the Secretary has not been specifically mentioned. The Secretary of the Federation will also act as the Secretary of the Committee.

The resolution was carried.

THE PRESIDENT :—Gentlemen, I am sure you desire me to thank the Hon'ble Sir Bhupendra Nath Mitra very cordially on your behalf for his continued attendance since yesterday morning. Sir Bhupendra Nath has taken a very full part in the discussion both yesterday and to-day and if you thought fit to pass the last resolution inspite of his advice and warning, I am sure that he will realise that we have done that in the hope that the Government of India will consider our point of view. In your name and on your behalf, Gentlemen, I thank Sir Bhupendra Nath Mitra for the very kind assistance that he has given us. (*Applause*).

Sir Bhupendra Nath Mitra :—I am very much obliged to you, Sir, for your kind words. I assure you that whatever conclusions you may arrive at as the result of your deliberations will in due course receive the most careful consideration of the Government. (*cheers*).

At this stage Sir Bhupendra Nath Mitra left the meeting.

THE PRESIDENT :—Before I call upon Mr. Birla to move resolution No. 7 I extend a warm welcome to The Hon'ble Sir George Schuster who was not able to attend yesterday. I also welcome the Hon. Mr. Burdon, the Secretary of the Finance Department. I hope that the Finance Member and his Secretary will come to the Federation every year and assist and guide us in our deliberations.

INDIAN BANKING INQUIRY.

Mr. G. D. Birla (Indian Chamber of Commerce, Calcutta) moved the following resolution :

"The Federation urges upon the Government of India to immediately appoint an Indian Banking Enquiry Committee with special reference to look into the system of

Indian Indigenous Banking (sharafi) with a view to develop and foster the same."

He said:—For some years past we have been demanding such an enquiry but for some reason or other Government have not thought fit to comply with our request. Therefore this enquiry is already overdue. The justification for such an enquiry is this. At present we know the difficulties which we have to encounter in developing Indian banking on modern lines. We also know the difficulties of Indian agriculturists, Indian industrialists and Indian commercial men. But unfortunately for want of sufficient data and statistics it is impossible for any Chamber or merchant to suggest the best methods of promoting indigenous banking and that is why we have been from time to time pressing upon the Government that such an enquiry should be made. We have no doubt before us the examples of other countries but our requirements are not the same as those of other countries. India is a vast country with a vast population and we have got our own troubles. Therefore if any suggestion is to be made for the development of Indian Banking due regard has to be paid to the needs and requirements of Indian agriculturists and Indian trade and commerce. It is therefore essential that we should make a thorough enquiry into the conditions of Indian banking and devise measures to improve the present situation.

In the debate in the Assembly Mr. Donovan remarked: "This country is a country of mysteries. When we first came to the East we were struck by the mangoe trick and we heard of the rope trick, and of course, even excluding politics, there are many other classical contributions to the magic art. But, Sir, to the serious student of Indian economy, one of the greatest mysteries that meets him at the gate of his investigation is the mystery of the internal trade and traffic in this country and the manner in which it is financed." In order to unearth this mystery it is essential that we should make an enquiry and suggest methods for the improvement of Indian banking. What are the methods of banking which exist in India to-day? First of all we have got the modern banks in big towns controlled mainly by Europeans. They chiefly confine themselves to import and export trade. It matters very little to them whether their activities help Indian agriculture, commerce and trade or not. So far as these banks are concerned they are of very little use to Indian

trade and commerce or to Indian agriculture. We have got a few Indian banks run on modern lines but unfortunately on account of the scarcity of capital and so many other difficulties they have not made much headway. Next in order we have got the Indian Shroffs who have been financing Indian trade and industry since ancient times but who on account of keen competition with the modern banks whose resources are well organised, are being gradually eliminated. Then we have got the village Banias, who lend money to the agriculturists at rates of interest varying between 20 and 50 per cent. and who yet seem to be making no headway towards prosperity. And last but not the least, we have got the bank of Afghanistan, I mean the Kabuli money lenders, who have become a regular terror to towns and villages alike. This is one side of the picture. If you look at the other side of it you will find that there are people in this country who are prepared to invest money even at four or five per cent. in Government loans. There are people who are prepared to invest money but for lack of proper banking facilities they invest it in ornaments, gold and silver. This is at present the condition of Indian banking. Surely there is something very very wrong with a system where poor agriculturists have to pay as high an interest as fifty per cent. while there is ready money lying in the country to be invested at four or five per cent. or even at a lower rate. Surely there must be something wrong that such an anomaly should exist. I think it is most essential that a proper enquiry should be made and means suggested to remove this anomaly and establish a sort of parity between these two extremes. I say capital does exist in India. I think I am not the only man to say that. The External Capital Committee while making its recommendations stated :

> "India possesses a vast store of dormant capital awaiting development, and in order to make this available for investment, banking facilities must be increased and extended. An examination of the various practical measures suggested in the replies is outside the scope of the Committee, but we would emphasise the importance of a co-ordinated survey being undertaken at the earliest possible opportunity of the whole field of banking in India."

We all know that the indebtedness of the agriculturists must be amounting to crores and crores. It has been estimated that the total indebtedness of agriculturists amounts to 800 crores of rupees. Surely there must be some machinery which has been financing the agriculturists to that extent. There must be some machinery to find money for the financing of the cultivator as well as the movements of his crop. The trouble is it is not organised. To my mind it seems that if the local Sowkars, the local Banias, got facilities to borrow money at a reasonable rate of interest a natural competition must spring up among themselves and the rate of interest must inevitably come down. But the difficulty at present is this. The Sowkars are doing one-sided business—they work with their own capital and therefore they want to make as much money as possible. If it were possible for them to borrow money at a reasonable rate of interest I am sure they would not charge such an exorbitant rate of interest as they charge now. The question as to how the Sowkars should get these facilities and whether they could not be converted into regular banking institutions requires investigation.

As regards trade and commerce the same difficulty is encountered. The Imperial Bank of India to some extent finances Indian industry but it does not do business with petty traders. It only finances well established firms and is not within the reach of an ordinary trader. The result is that often the Indian middle man on account of lack of banking facilities is losing ground day by day. Some method must be found of financing this business—some machinery must be devised to finance the Indian shroffs and agriculturists. Then we all know the progress that has been made in modern banking. There are hardly half a dozen Indian banks doing business on modern lines, and whenever there is a panic it has been impossible for Indian banks to get any help from any central institution. If the same thing happened in any other country the Government would have surely devised some method to meet such a calamity. Those are the problems before us and it is essential that a thorough enquiry should be made into the present system and means devised to meet the requirements. I have already stated that this enquiry is overdue and it is time that we should ask the Government to institute an enquiry without any further delay. When this question was raised in the Assembly in 1927 Sir Basil Blackett accepted the principle of the resolution that an enquiry should be made but put forward the

plea that since the Agricultural Commission was engaged in an enquiry it was desirable to await the conclusion of its labours. We have since then got the report of the Commission. It has only dealt with the requirements of the agriculturists. What we want, however, is a wider enquiry embracing trade, commerce and agriculture. I hope that if the Government want that this anomaly of wide difference in the rates of interest from 5 to 50 per cent. should be removed and that Indian agriculturists should be able to borrow money at reasonable rates of interest and that Indian trade and industry should flourish, it is the duty of the Government to make an enquiry as suggested in this resolution and find out means to improve the Indian banking situation. I hope the new Finance Member coming with new ideas from England will help us and accept this resolution in order to improve the present situation without any further delay.

MR. R. J. UDANI (Indian Chamber of Commerce in Great Britain) on behalf of Sir Shapurji Billimoria read Sir Shapurji's speech in seconding the resolution.

"I have very great pleasure in seconding the Resolution so ably moved by Mr. Birla. After his eloquent and interesting speech there is hardly anything much left for me to say in support of the resolution.

Banking, shipping and insurance are the fundamental corner stones of the whole edifice of commerce and industry, and it is but right that the attention of the Indian commercial community is more and more directed towards these problems, without a right and speedy solution of which, we shall not be able to attain our goal of making India a leading commercial and industrial country. The decay of Banking in India, like that of Indian shipping, is all the more regrettable, as India was once famous for both her banking and shipping. Indians have got instinctive talent for banking and it may be said without exaggeration that there are several communities in the country which receive their knowledge in banking and accountancy with their mother's milk. Before banking came to be organised on western lines and foreign banks developed in this country, banking business was carried on by shroffs, and by indigenous banking houses. With the growth of banking on western lines, public and commercial support began to be deflected to properly constituted banks, and shroffs as a community began to lose that

influence and that prestige, and with that naturally those credit facilities, which were theirs from times immemorial. It would have been something if their place had been taken by Indian banks as such. Unfortunately however the crash experienced by the Indian banks in 1913 retarded the movement of indigenous banking for a long time and the general public and the business community in particular which had a leaning developed for investment of their funds with banks on western lines gave their patronage to foreign banks established in this country, as only a few Indian banks were left to claim this patronage and the old-time confidence in shroffs was shaken. Such a state of things was not conducive to the development of indigenous banking, nor to the healthy growth of trade and industries which only prosper with a systematic and well-regulated system of indigenous banking. As you are all business men, you know the difficulties experienced in carrying on your trade and industries with such meagre and scanty support as you may get from foreign banks.

Exhortations are made both by Government and public leaders to start industries, but industries cannot be successfully started and developed without a proper banking system and financial facilities. The attention of the Chamberlain Commission was drawn to this state of things and they observed that:

> "We are not in a position to report either for or against the establishment of a State or Central Bank, but we regard the subject as one which deserves early and careful consideration and suggest the appointment of a small expert committee to examine the whole question in India, and either to pronounce against the proposal or to work out in full detail a concrete scheme capable of immediate adoption."

They had in mind an inquiry devoted merely to the question of a State or Central Bank, though I presume the inquiry would have gone beyond these limitations and would have been an inquiry into the whole system of joint-stock banking in the country, especially as the debacle of 1913 had just preceded such an inquiry. Unfortunately the recommendations of the Chamberlain Commission remained merely on paper on account of the breaking out of the Great War in 1914.

The question however continued to receive the attention both of Government and the public. The former announced in connection with their scheme for the amalgamation of the Presidency Banks the opening up of atleast 100 new branches within the next quinquennium, thus recognising the necessity for a speedy expansion of banking facilities. The Babington Smith Currency Committee which published their report by the end of 1919, referred to the same question very prominently in the following words:

> "We have already referred to the extensive use in India of the precious metals, mainly in the form of currency, as a store of value. It has been urged that this practice is due largely to the inadequacy of the facilities for the disposal of savings in a manner which will enable them to be used productively. We therefore welcome the recent announcement of the Government of India that a feature of the scheme for the amalgamation of the Presidency Banks is the opening of at least 100 new branches within the next five years. We recommend that this policy should be actively persued. By the extension of the activities of the Amalgamated Presidency Banks and other sound banking institutions in India, we hope that the facilities for the deposit of savings will gradually be made available in all headquarters of administrative districts and other towns where no banks have yet been establihed....."

The External Capital Committee the report of which was published in 1925 recognised the importance of banking facilities in a very prominent manner and observed:

> "We are of opinion, however, that the first step required is the collection of accurate and up-to-date information of the progress so far made and a comprehensive survey of the whole field which we suggest should be undertaken by Government without delay. Such a general survey would at any rate serve to focus public attention on these most important subjects, and would enable Government to determine the questions a detailed examination of which by experts would be most likely to lead to fruitful results. We are satisfied that the preliminary survey must be

followed up by a detailed enquiry, but the field is so large that we leave it open whether this detailed enquiry should be entrusted to one or more committees."

Pandit Madan Mohan Malaviya in a dissenting minute to that Report of the External Capital Committee, emphasised that the adoption of a policy of protection of industries by tariffs and bounties more than ever made it the bounden duty of Government that it should provide sufficient banking and credit facilities to Indians and encourage them to build up indigenous industries. He quoted the opinion of the Hon'ble Sir Dinshaw Waccha with regard to the same. Sir Dinshaw favoured the institution of as many banking institutions as necessary on a sure and sound foundation, and particularly, starting in the important capitals of the different provinces, banks with a capital of at least five crores of rupees of the type and nature of the German Deustche Reichsbank which had converted Germany from an agricultural into an industrial country. He also suggested that India should possess agricultural banks modelled on the lines of the agricultural banks of Egypt.

Mr. Findlay Shirras in his book on Indian Finance and Banking shows how India is lagging behind the other civilised countries with regard to the number and growth of her banking institutions. It is considered a great achievement on the part of the Imperial Bank to have opened 150 branches in a few years. There are however hundreds of branches of some banks in countries like the U.S.A. and Canada so much so that even a tiny hamlet has got its own banks as several of our villages have got post offices conducted by local school masters. India can boast of only 315 banks, whereas Australia has 2,000, Canada 4,000, Japan 6,000, United Kingdom 9,000 and the U.S.A. 35,000. Mr. P. Pillai writing on economic conditions in India gives some figures which are very interesting:—

"India has an area of 1,802,657 square miles, and a population of 319 millions, of whom only 10.2 per cent. live in towns of 50,000 or over inhabitants. According to the census of 1911 there were 2,253 such towns in the country. Yet, in 1921 only 207 of these towns were served by the banking systems of the country, while the number of banking offices was only 598. The United Kingdom with a

population of 48 millions (1911) had 9,138 banking offices in 1917, and Canada with a population of 8,460,000 had about 4,000 banks the same year."

The Report of the External Capital Committee led directly or indirectly to resolutions moved by the Hon'ble Sir Phiroze C. Sethna in the Council of State and Mr. Sarabhai N. Haji in the Legislative Assembly urging for the necessity of the appointment of a committee of inquiry into Indian Banking.

The Royal Commission on Currency also emphasised the importance of the development of banking on right lines. I need not weary you with further quotations from eminent financiers and industrialists or from the Reports of Commissions and committees all of whom have been unanimous in their recommendation that a Committee of Inquiry into banking should be appointed at the earliest date. The delay which has been characterised as scandalous may be further evident when one recalls the fact that so far back as 1918 the Industrial Commission wrote thus:—

> "We are therefore for the appointment at the earliest possible date of an expert Committee to consider what additional banking facilities are necessary for the initial and for the current finance of industries; what form of Government assistance or control will be required to ensure their extension on sound lines as widely as possible throughout the country and whether they should be as provincial or of imperial scope or whether both these forms might not be contained in a group of institutions working together."

Unfortunately, notwithstanding all this unanimity of opinions expressed in different quarters, the Government of India have so far not moved. There are now signs however evident that they are thinking of moving in this direction as was indicated by a press note published only recently to the effect that the new Finance Member would like to have a conference of representatives of Indian Chambers and British Chambers of Commerce regarding this subject. Such a committee might have in their terms of reference, in my humble opinion, the following:—

(*a*) The history and growth of indigenous banking institutions.

(*b*) Causes of the bank debacle of 1913 and of several recent failures.

(*c*) Difficulties in the way of indigenous banks.

(*d*) Relations between indigenous banks and the Imperial Bank.

(*e*) Relations between the Imperial Bank and local shroffs.

(*f*) Working of Exchange Banks and their influence on trade and commerce.

(*g*) Banking as carried on by Indian shroffs, the facilities they afford, the disadvantage thereto, and their place in any future system of Indian Banking.

(*h*) Negotiable Instruments—steps to be taken to improve or modify the present system in connection with hundies, other Bills of Exchange, etc.

(*i*) Credit facilities in agricultural districts, and the type of agricultural banks which would be suitable to the country.

(*j*) Credit facilities for trade and industries and the type of banks which would be suitable to Indian conditions.

These are but a few of the terms of reference which I would suggest. I recognise that the question to be dealt with by the proposed committee should be as wide and broad as possible and that the subjects I have referred to may be considered as mere examples. My submission is that the necessity for such a Committee is all the greater at present in view of the fact that though the Reserve Bank Bill was withdrawn by the Government of India, that question sooner or later will have to be tackled by them. When that eventuality arises it will facilitate the work both of Government and representatives of the people if the proposed banking Committee has already submitted a comprehensive report dealing with the banking conditions in the country.

With these few observations I on behalf of Sir Shapurji Billimoria commend the resolution to your acceptance.

Mr. Hirachand V. Desai, (Bombay Shroff Association) in supporting said:—

Mr. President and Brother Delegates,

On behalf of the Bombay Shroff Association I beg to support this resolution.

This question is now being repeatedly urged upon the Government for sometime past, and it is surprising and painful that the Government have not so far appointed a Committee for this purpose, which is I submit, the very backbone of the commercial and economic fabric of this country.

Coming to the subject matter of the resolution, I beg to submit that the part that the Indian Indigenous banking, including Shroffs. Mahajans, and Chetties, plays into the Commercial and economic life of this country is tremendous. In fact the whole produce of this vast continent is financed and stocked by this agency except in case of the quantity that is exported or stocked into big cities. Again the same organisation helps in the distribution of the enormous imports. It is almost exiomatic that the part played by the Shroff in the financial life of the people of this land is incomparibly greater than that of the organised banking which has so far touched only the fringe of the economic structure, and that too in big cities only.

In this connection the following quotation from the paper on "Indigenous Indian Banking" read by Mr. M. S. M. Gubbey before the Royal Society of Arts, London, will be fonud interesting.

> I see no reason to doubt the commonly accepted view that their (Private Bankers) participation in the financial life of the community as a whole, must be on a very extensive scale. Further they are in intimate daily touch with those with whom they transact business, and can follow the doings of their clients with a closeness which is denied to the Banks. There must be accumulated with these private bankers a store of knowledge and experience of the standing moral as well as financial and capacity of individual Indian Traders and Indian Trading firms, their business connections, and relations on which if fully

organised and systematised might possibly quite suitably rest an expansion of credit facilities from the Bank."

Mr. Gubbay who was the Controller of Currency and subsequently the Financial Secretary to the Government of India is now the Manager of P. & O. Banking Corporation and his views and testimony are therefore entitled to command our respect.

If the important part that the private Indian Banker plays is recognised—and I believe there is hardly any one here or outside who can dispute or even doubt it—the case for an Inquiry Committee is complete.

It is well-known that Indian Banking—both organised as represented by Indian joint stock banks as well as private—is suffering under many disabilities. Legislative handicaps to Indigenous shroffs as found in the Negotiable Instruments Act and Bankers Evidence Act, require to be considered and if possible to be set right. The position of the Shahajogi Hundi now governed by Case law is in need of being reviewed in the light of our present-day requirements, the introduction of the cheque system in the dealings of the private bankers encouraged, and last though by no means the least, the very mentality which regards the Indigenous Banking as a rival to instead of a helpmate of the organised banking—all these demand the most careful enquiry and earnest consideration.

I submit, Sir, with all the emphasis in my power, that if steps are not taken in time to hold an enquiry with a view to foster and develop Indian Banking, untold injury will have been done to the economic fabric of this country. It is conceded by all competent authorities that the extension of organised banking by multiplication of branches has its strict limitations and that it stands no chance whatsoever against the cheap, economical and highly informed Indigenous Banking, as represented by the shroffs. On the contrary by instilling progressive ideas and methods into the working of the private bankers an organisation will be reared up which is sure to be a source of strength to organised banking.

Before concluding, I beg to urge, that the proposed inquiry being primarily with a view to help the Indigenous banking the chairman and the majority of the personnel of the Committee should

be Indian, if the heart of the problem is to be touched and permanent results are to be obtained.

I consider it fortunate that the Honourable the Finance Member of the Government of India is present here to-day, and I do not doubt that he will realise the supreme importance of this question and view our request sympathetically.

With these words I beg to support the resolution and commend it for your unanimous acceptance.

Mr. R. C. Pandit (Behar and Orissa Chamber of Commerce) while supporting the resolution said:

The previous speakerrs have ably delt with this resolution and have made my work simple. I wish to draw your particular attention to the last words of the resolution, that this enquiry is to develop and foster Indigenous Banking. I lay very much on that; it is no good having control and restriction of Indian Banks, unless they are given the means and opportunities to develop and expand at the same time. Our new Finance Member is reported in the papers to have said, that he would like to see the savings of the people in Banks safe-guarded. I can assure him that the Indian Banks would gladly render him every help, for they fully recognise that the safety of the depositor's money, means their own safety.

The law of survival of the fittest, had been working in Indian Banking for sometime, with disastrous results, and except for the rebirth of one, the sturdy child which our distinguished countryman, Lala Harkishen Lal, is nursing, the ground lost has not been made up. It is sympathetic and reasonable treatment we want. I will instance to you a case, which occurred in my province of Behar and Orissa to show how Indian Banks are treated. The question arose of a guarantee to pay rupees one lakh, in connection with the grant of license to supply electricity to the town of Cuttuck. The local Bank undertook to do it. After several months of cogitation, the Government replied that the financial arrangements were unsatisfactory. The Bank wrote back enquiring how it was so, and offered to meet Government requirement in every way. Every reasonable man would suppose that the Government, would specify its requirements, and probably ask the Bank to deposit the one lakh, if it was

not prepared to accept its guarantee. But no, nothing was done, and the Government sent a curt reply that they refused to discuss the matter. That high official, in spite of his high position, would not have dared to treat an English or a Foreign Bank in this way. That is the way Indian Banks are treated and the Government, instead of helping and encouraging them, sometimes acts in ways to throw suspicion and discredit on them.

If that was the attitude of the Local Government, was the Government of India any better, and had they a different angle of vision? If you refer to the schedule attached to the original Reserve Bank Bill, what do you find? You will find there only three or four Indian Banks and a large number of English Exchange Banks. I have not much quarrel with them, they may be supposed to have a right of pre-emption so to say. But you will find further French, American, Japanese, Portuguese and other foreign Banks. All these were to have been helped with Government of India's money, and the Indian Banks were severely left alone.

That was published through out the the country, and did it not make clear to everybody who read it, that these were the only reliable Banks, according to the information of the Government, and naturally further the remaining Indian Banks were branded with the mark of inferiority.

I ask you if that was the way to help, foster and develop Indian Banking.

The increase in the number of Branches of the Imperial Bank will not help the country, they only touch the fringe of the country's requirements. It is the development of Indian Joint Stock Banks and of their branches, as also development of the Indian Sarafi or Banking that will bring cheaper credit, money, and facilities to the agriculturist, the trader, the manufacturer, and the merchant.

We do not fear control and safeguard, but put us in a position to serve, both the Government and the public, and the proposed enquiry should make proposals to foster and develop indigenous banks and banking and not make more fetters for them.

With these words I commend the resolution to you.

Mr. Begraj Gupta (Marwari Chamber of Commerce, Bombay), spoke in Hindi supporting the resolution.

The Hon'ble Mr. G. A. Natesan (Southern India Chamber of Commerce), said:—

After the arguments advanced by Mr. Birla and others it is hardly necessary for me to commend this proposition for your acceptance. It was my privilege to serve on the External Capital Committee, as a representative of the Council of State. I had opportunities of discussing this question with Sir Basil Blackett when I pointed out that it was absolutely essential that such an enquiry should be started by the Government and urged that the Committee should consist of men who are interested in the commercial life of the country. The decision of the External Capital Committee was a unanimous one. It is therefore a fit case for the new Finance Member to take up seriously.

Sir George Schuster, Finance Member to the Government of India, said:—

"I am glad to have this opportunity of addressing this gathering. I have come late but I hope you will agree that that is better than not coming at all. I have just heard a very interesting discussion, and, although I cannot agree with everything that had been said, while some of it, I regret to say, I did not understand because it was spoken in a language which I have not yet had time to learn, nevertheless I believe I am in substantial agreement with all of you on this subject. It seems to me that I might express the point of view to which I agree in this way. There is a general feeling that there is room for improvement in the banking system in India, and by banking system I mean that system which helps the movement of mercandise right away down from the very bottom. But at the same time you also feel that you do not know quite enough about the conditions and the way in which the work is done for us to put our fingers on the spot and say, 'this is our defect and this is what we have to do in order to put it right.' I think that that correctly states the general attitude about the question. If this is the feeling which prompts you to move this resolution, then I want to state clearly that I sympathise with it, and that if there is anything to help which is within my power, I certainly will use all my influence to assist you.

As regards the enquiry, I see some difficulty. It is no use starting on this enquiry and saying in a general way we are going to enquire into the condition of banking. It is quite easy to say that. We have got to think out exactly how this enquiry is to be carried on. I think in this case there are two things we have got to bear in mind. The subject is so large that we must settle before we start exactly how we are going to work and we must concentrate our efforts on certian points. If we want to travel over the whole field of agriculture and commerce we shall never come to the end of our enquiry. We have got to settle the points to be enquired into and find some arrangement for dividing up the work. India is a vast country. It is difficult for one small body of men to travel the whole field and to go into all these questions. I think the work has got to be divided up and that we must undertake it in two stages. The first stage must be devoted to collecting all the necessary materials and to clearing up the points on which decisions are required. The second stage must be the review of the material and the formulation of recommendations as to action.

What I want to do as a practical step is to take advantage of my presence here for these few days in Calcutta to discuss the general lines of procedure with the Chairman. There are many others too who could give us valuable advice. For example, I am sure that the Hon'ble Mr. Natesan, who has just spoken would be a valuable adviser, because of his knowledge as a member of the External Capital Enquiry Committee and his great experience. I want you to come and help me and let us try to put our heads together and work things out in a business-like manner. This matter was also brought up at the meeting of the Associated Chambers of Commerce about a fornight ago. I spoke to them on somewhat the same lines as I have to you, and I told them that I wanted their assistance. What I should like is to have a meeting of a small number of representatives of each of these organisations so that we may put our heads together in this matter. That is as far as I can carry practical proposals about the matter to-day. Now, while I desire to tell you how very anxious I am to meet you in connection with your demand for enquiry, I wish at the same time to add a few words of caution. It would be a mistake for us to believe that as a result of this enquiry we shall be able to discover any magical remedy for all the troubles

that you are suffering from. I believe that the chief value of the enquiry will be its edcational value. I think if it is properly conducted, it will do a great deal in educating public opinion about the way in which business ought to be carried on. In the last resort, it is not Government which can put things right, but it is every individual working in his own line of business. National prosperity must be based on the efforts and enterprise of individuals. But, although the Government, however desirous it may be, may not have the power to devise any magical remedy for putting things right, nevertheless it can help greatly by throwing a light on the spot where action is needed and that is the task which Government can and ought to undertake. I hope, as a result of our discussion, we may surely be able to take a step forward on the road on which you want to travel".

The President—I can assure Sir George Schuster on our behalf that the Federation will assist him in every possible direction. No further assurance need be given and we shall be able to discover the system of banking which would be most beneficial to the country.

The resolution was carried.

INCOME-TAX.

Mr. Beniprasad Dalmia, (Marwari Chamber of Commerce, Bombay) said :

Mr. President and Brother Delegates.

The Resolution which I have the honour to move runs thus :—

The Federation while recording its sense of disappointment at the failure of Government to give effect to the previous resolutions on this subject adopted by the Indian Industrial and Commercial Congress in its Madras Session, strongly recommends to the Government of India to amend the Indian Income Tax Act at an early date so as to incorporate therein the suggestions noted below :—

(*i*) Amendment of the Income-Tax Act so that assessees be entitled to carry forward for an adopted period of six years losses in business

sustained in any year as a set off against the profits of such subsequent years.

(*ii*) Amendments of Sections 42 and 43 of the Indian Income-Tax Act so as to free a Commission Agent in British India from the obligation to pay Income-Tax on the profits or interest accruing to his constituent residing in Indian States.

(*iii*) Amendment of the Indian Income-Tax Act so that the assessee may have the right of appeal to a Court of Law in the matter of any assessment not only on a point of law but also on a point of fact.

Sir, the first part of this resolution expresses the Federation's sense of disappointment at the inexplicable unresponsiveness of Government to the modest demands made by the public in the past. For a number of years we have been urging upon Government the necessity of reform in the Indian Income-Tax Act. As you know, Gentlemen, we strongly recommended certain amendments last year in the session of Indian Industrial and Commercial Congress at Madras. But it is a misfortune that Government have not chosen to pay any heed to those recommendations. If this year, I should like to make it clear, we have not repeated all those recommendations it is certainly not because the reforms indicated in some of them are any the less pressing and urgent but because it has been thought that it would perhaps be more expedient to concentrate attention on those of the major issues which Government would, if they had the will, have the least difficulty in giving practical shape.

Now, Sir, coming to the first of the recommendations just read out, I must in all seriousness say that its importance cannot be exaggerated. It is not so simple or ordinary a question as a surface examination of it might lead one to suppose. The existing law involves the breach of a fundamental principle. The essential fact about the Income Tax is that it is a tax on income. Absence of provision for business losses clearly means that our income tax is not a charge on Income. I shall give a concrete illustration. Suppose

a trader loses 5 lacs in a year of depression and then in the next 5 years of improvement makes an annual profit of one lac. Simple calculation shows that although in all the six years the trader has earned no profits, he must have parted with no less a sum than Rs. 45,000/- on account of Income-Tax and Super-Tax. Who can say that Rs. 45,000/- have been drawn from the assessee's income which in this case does not exist except in the fertile imagination of the Income-Tax Officers? Evidently the tax represents a part of the trader's capital which has been reduced by that much. This process has been and is going on regularly and inevitably reducing the trader's capital. I suggest to Government that it is illegal to tax capital under the guise of Income-Tax. Sir, this amount to introducing socialism through the back-door.

There are other considerations which, I hope, should appeal to Government better. You are well aware, Gentlemen, that the Taxation Enquiry Committee have, by the inherent strength of the case, been compelled to admit "that the substantial justice of the claim to be permitted to set off cannot be denied." The United Kingdom has for some years had the three years average system. Under this system the losses of two previous years were covered in the average. But I understand that the basis of assessment has since been again made the "previous year" there and that the recommendations of the English Royal Commission for making provision to carry forward losses for six years has been accepted by the Parliament and has found a place in the Statute Book. For one thing, the three years average system was found to be very complex, unpracticable and responsible for putting an additional volume of work on the Income Tax department. Our recommendation in this behalf is therefore the most legitimate and unexceptionable.

I would now pass on to the next point which relates to the question of taxing resident commission agents on behalf of non-resident constituents. I am definitely of opinion that the original intention of the legislators was not to tax the commission agents. But as the language of the two sections is very wide, vague and sweeping, an Income-Tax Officer can misuse Section 42 as is indeed being done, to penalise commission agents. Rule 10 of the General Rules framed under the Income-Tax law of the United Kingdom also shows beyond doubt that brokers and commission agents are not considered

liable to assessment for the profits of their customers. Inspite of this evidence to the contrary, the incorrigible income-tax officers are going their own merry way. I do not know intimately of the conditions all over the country. But I can affirm with knowledge about Bombay Presidency that there they are waging an unholy war against commission agents.

The legal position apart, this arrangement is, so far as the commission agents are concerned, entirely unjust and impracticable. My contention is that the tax assessed to the constituent is, and will as a rule have to be borne by the unfortunate resident commission agent. All who are acquainted with commission agency business will bear witness to the fact that customers are constantly drawing bills on the agents and leave little or nothing of their income with him. Thus by the time tax is sought to be assessed and realised from the commission agent the income is paid to the constituents.

Why not deduct the tax while you have the income in your hands? One might ask. Because, I would say, it is impossible to do so. Income-Tax is not a trade charge like brokerage or commission which can be calculated on the quantity or price of the goods sold or bought. Unless one knows whether a particular constituent has on the whole year's business lost or gained and also, if there is profit, how much, one cannot calculate the assessable tax at all.

Besides, the commission agent has no means to ascertain whether on the total business done in British India the constituent has on balance made any profits or not. The reason is that the non-resident's business relation is not restricted to one commission agent. A constituent usually distributes his business among several commission agents who may reside in different places. Thus even if it were proper to do so, and the commission agent wished to keep back the approximate amount of tax, it would be an impossible proposition.

In addition to the over-whelming practical difficulties, there are serious objections of principle. If in a case in which a non-resident has done business through more than one commission agent and has to receive big sums from one source and to pay equally huge sums to the other and if the agent through whom the profit is made is assessed and made to pay the tax, imagine the gravity of the injustice done to such commission agent.

Gentlemen, business-men that we are, we all know that sensible merchants seek to protect themselves from sudden rise or fall in prices by resorting to the processes called hedging and straddling. A sale in Liverpool and purchase in India may be component parts of one and the same transaction of straddle. In the eventuality of a considerable appreciation in price Bombay may show an immense profit and Liverpool a similar loss. It is inconceivable that any sane arrangement would tax the apparent and misleading profit through the Bombay firm when as a matter of fact the non-resident customer has either lost on the bargain or at any rate made no profit. Sir, this arrangement of taxing the commission agent on behalf of his constituents is wrong in principle, is thoroughly impracticable and harmful to the trade.

The only reason why this is being done seems to be that Government want to shift their responsibility in the matter on to the shoulders of the innocent commission agents. To realise the tax from the commission agents and then to leave them to litigate with their constituents in business is really a little too hard. It is like the giant sharing his burden with a pigmy and crushing the latter in the process. It must be borne in mind that taxing the dividends of the shareholders through the joint Stock Companies stands on an entirely different footing and should not be confused with the position I have just dealt with. in fact the more I think of it the more I wonder how it ever came to be recognised as an acceptable arrangement to tax a commission agent who has nothing whatever to do with the profits of his constituents on account of such profits.

The third part of the resolution is indeed self-evident. It is a common experience that in most cases if a proper and satisfactory assessment is made it is due more to the assessees' acquaintance with the intricacies of law and other reasons than to the attitude of the officer concerned. He is a Revenue Officer. It is his first concern to safeguard the interests of Government and he is anxious to show an increase on previous year's figures. In a word, it cannot be said that the Income-Tax Officers bring to bear upon their task a strictly judicial mental attitude. It seems to be therefore eminently desirable that cases of reported misassessment must receive the search-light of a Law Court if the ends of justice and equity have to be met. The liability of an assessment to the scrutiny of a Court of Law will on the one hand inspire public confidence in the system and also

guard against miscarriage of justice by providing a constant caution to the Income-Tax Authorities.

One word more Sir, and I have done. I want to take this opportunity to impress upon Government the fact that the entire mercantile community is one in this matter. There is a very keen feeling amongst the community that in the matter of income-tax the Government have treated them shabbily and I would ask of Government not to allow the existing feeling of discontent to deepen. I have every reason to hope that the modest demands contained in this resolution will meet with the full and responsive consideration which they deserve. With these words, Gentlemen, I am glad to move the resolution and commend it to your unanimous acceptance.

Mr. Gordhandas:

MR. PRESIDENT AND GENTLEMEN,

*I have the honour to second the resolution so ably moved by my friend Mr. Dalmia.

So far as this resolution is concerned, we have to make only certain suggestions, as embodied in the three items of the resolution. I think, I need not say, that these suggestions are very reasonable, and in accordance with the principles of equity and justice, so far as the present rules framed under the Indian Income-Tax Act 1922 are concerned.

In dilating upon the first item of the resolution, consideration of which is being brought to the notice of the authorities over and over again, I think, I need not repeat, that this part of the resolution is very important, and we should try our utmost to get this amended in the Income-Tax Act as soon as possible in the interest of Commercial public in general.

So far as the second item is concerned, I can say from my personal experience that when a Commission Agent in British India is obliged to pay income tax on the profits and interests accruing to his constituents residing outside British India, this is causing great confusion and is a source of trouble to the Commercial public, so it is quite reasonable that the commission Agent should be made free from this sort of liability.

*Speech not substantiaedt

As regards the third item of resolution, I think it is not necessary for me to bring to your notice, as most of you might have got some bitter experience of the high-handedness of the income-tax officers. It is a general complaint of the assessees, that facts, as placed by them are not even heard by the authorities, therefore, in order to have a check upon the autocratic decision of the Income Tax authorities, recourse should be had to Law Courts.

This matter of income-tax is so common that it does not require many words, to commend it for support of this house.

Sir George Schuster:—This is the first time that I see the resolution. I cannot give you any sort of detailed answer to-day. The question raised is the question of great importance and rather say nothing else.

THE PRESIDENT:—I draw the attention of the mover and the seconder of the resolution that the words 'outside British India' in clause (2) should be changed to 'in Indian States'.

This was agreed to and the resolution as amended was carried.

THE PRESIDENT:—I propose a vote of thanks to the Hon. Finance Member for his assistance to us this afternoon. I hope he will be able to offer in the future the same assistance that he has done to-day.

Mr. W. C. Bannerjee:—There is another question regarding the Howrah Bridge.

THE PRESIDENT:—Sir George Schuster took charge only about two months back and I do not think we can expect him to deal with the question to-day.

At this stage Sir George Schuster left the meeting.

INDIAN HIGH COMMISSIONER.

The following resolution put from the chair was carried:—

"The Federation reiterates the demand that the High Commissioner for India should always be an Indian and that he should be placed in the same status as the High Commissioners of

the different Self-Governing Colonies with regard to representing their Governments at International and Imperial Conferences."

CALCUTTA-HOWRAH BRIDGE.

Rai Badridas Goenka Bahadur, C.I.E. (Marwari Association, Calcutta) moved the following resolution :—

That in the opinion of the Federation of Indian Chambers of Commerce the question of connecting Howrah with Calcutta is one which ought to be taken in hand immediately by the Government of Bengal and if necessary by the Government of India and having regard to the fact that a bridge of the floating type is more economical, the Federation advocates the new bridge to be of the floating type.

He said :—

Mr. President and gentlemen,

At the outset I feel that I ought to explain to you why I am bringing forward this motion, which apparently relates to a provincial question, before the Federation. Gentlemen, my explanation is that we in Calcutta do not think it to be a question affecting merely our own narrow parochial interests but we believe it to be an all India question of great commercial importance. Besides being one of the largest ports and centres of trade, commerce and industry in the country, closely bound by business ties with other parts of India, Calcutta is a cosmopolitan city where our countrymen from all parts have settled and are carrying on an extensive business both inland and foreign. Anything that improves or injures the trade of Calcutta necessarily therefore improves or injures the trade of the whole country to some extent. Judging from this broad point of view, the Howrah Bridge question which has a very important bearing upon the development and growth of Calcutta's trade is an all India question and I confidently hope that you will all agree with me in this view.

Gentlemen, I do not think I need use many words to commend this resolution to your acceptance. It may not be known to my

fellow members of the Federation who have come from provinces other than Bengal and perhaps some of them will be surprised to hear that the floating bridge by which they crossed the river on their way to Calcutta from the Howrah station is the only means of communication between this city and Howrah, the terminus of two of the biggest Railways in India, namely, the East Indian and the Bengal Nagpur. It was built more than four decades ago to meet the requirements of those days when the trade of Calcutta, both foreign and inland, was less than half of what it now is. It is no wonder if to-day we find the bridge wholly unsuitable to carry the vast and growing traffic. Gentlemen, you will be simply horrified if any day during the business hours you go on a drive towards the bridge and see what long rows of bullock and buffalo carts and lorries, laden with articles of merchandise, and buses, motor cars and horse drawn carriages are waiting on both sides of the bridge and with what trouble the police are regulating the traffic to prevent accidents. If you want to send a consignment of goods from Calcutta to Howrah station or outward despatch or to bring in a consignment from Howrah, your men will have to devote a whole day to the work, although the distance between the business quarters of Calcutta and Howrah is so short. This loss of time necessarily means larger cost on account of cart and lorry hire and increases the cost to the consumer.

Gentlemen, so far as my information goes, the builder of the bridge gave it a limited life of 25 or 30 years only. He foresaw that it would not remain fit for service nor would it be adequate for a longer period and he was right. Since four years past we have been hearing that age has told upon the bridge and that it must go and give place to a new one suitable to meet the growing requirements of Calcutta. More than a decade ago when the Calcutta Improvement Trust came into being primarily with the object of improving Barabazar, the most important centre of trade, but, all the same, the most congested area in Calcutta, the Marwari Association which I have the honour to represent here urged that the existing bridge should be replaced by a new and a larger one and the old bridge after suitable alterations should be shifted northwards to provide another connecting like between Calcutta and Howrah. But the wheels of Government, specially those of the Government of this country, move extremely slowly and after a long delay they

appointed a Committee of Engineers to enquire and report on the question. We felt grateful that the Government had at last taken the question in hand and hoped that a solution might soon be in sight.

Gentlemen, this Committee of Engineers also condemned the bridge as too old to be retained any longer and recommended its replacement by a bridge of the cantilever type at a cost of over six crores of rupees. The Cantilever type, the Committee wrote, would be a strong and a fine bridge for this city. The Government of Bengal was also in favour of such a bridge but the tax payers on whose shoulders the burden of the cost was to fall considered the burden too heavy for them to bear and, pressed for the construction of a bridge of the floating type, but much larger and stronger than the present one as such a bridge could be built at a reasonable cost. The Government of Bengal accepted the views of the public and, with the sanction of the Government of India, passed a law accordingly, but nothing has yet been done to give effect to the law and Calcutta is still labouring under the disadvantages of a small, dilapidated bridge to carry its vast export and import traffic across the Hooghly.

Gentlemen, you will be surprised to hear that the Government of India are sitting over the Howrah Bridge Act. We do not exactly know the reason why, but rumour has it that the Railway Board have the matter under their consideration in connection with the question of connecting the East India and Eastern Bengal Railways in Calcutta by constructing a new bridge across the river. The project involves the construction of a bridge and perhaps the idea is to provide a bridge suitable for both rail and other kinds of traffic. But this too, gentlemen, is an old question, indeed much older than the Howrah Bridge Act, and many people have forgotten all about it. We do not know when, if ever, we shall hear the last of it. But, if the bridge question is kept in abeyance pending the decision, one way or the other, of that much larger question of Railway extension, I am afraid, gentlemen, that Calcutta will yet have to wait for many years to know the result. In the meantime, what will be the effect of this dilatoriness on trade? Will it not suffer for want of adequate means of communication? Gentlemen, it is a matter of great surprise that the Government of India should have overlooked the fact that if Calcutta is provided with a larger bridge to facilitate the

transport of goods, the consequent increase in her inland trade is sure to be followed by a corresponding increase of overseas trade and that will mean increased revenue from customs duty. The policy hitherto followed by the Government of India is therefore, to my mind, a shortsighted policy which they ought to give up in the best interests of the country as well as of themselves.

But gentlemen, it is not trade alone that will suffer or is suffering in consequence of the failure of the Government of India to arrive at a quick decision. As I have already said, the Calcutta Improvement Trust was created principally with the object of improving Barabazar, the chief centre of business, yet the most congested and insanitary area in Calcutta. The Improvement Trust came into being more than fifteen years ago but Barabazar still remains as insanitary and as congested as ever. The Trust have always fought shy of Barabazar for some reason or other, but although after so many years they have awakened to the gravity of the situation and have included that area in their programme, they find their hands tied and cannot frame schemes on account of the Government's indecision in regard to the Howrah bridge. So long as the question of the site and the type of bridge is not settled, the Trust say they cannot take up Barabazar for improvement. How far the Trust are justified or not in allowing the whole of Barabazar to suffer from congestion and insanitation on this ground is another question. My object in mentioning this is only to show how badly Calcutta is suffering in several ways as the result of the Government of India's attitude of indecision.

Gentlemen, Calcutta or Bengal is not void of a sense of aesthetics. We would certainly have voted for a bridge of the cantilever type if we could afford it. By asking for a cheaper bridge of the floating type we only wanted to cut our coat according to the cloth. In the present depressed condition of trade and commerce, we could not afford to be extravagant and for this fault on our part, the Government of India seem to be bent on punishing us by shelving the Howrah Bridge Act altogether.

Gentlemen, from whatever point of view the question may be judged, it will be apparent that a great injustice is being done to this city. All that we ask is that if the Government of India is so enamoured of Calcutta, their erst-while capital, they must see her provided with a beautiful bridge of the cantilever type. Let them

come forward with money for the purpose and earn the gratitude of Calcutta. If, however, they cannot spare the money, let Calcutta manage her affairs as best as she can.

Gentlemen, I am afraid I have already taken much of your time but my excuse is that we in Calcutta feel very keenly on the question. I therefore hope that we can fully count upon your support in this matter.

Mr. W. C. Bannerjee, (Bengal National Chamber):

I have great pleasure in seconding the Resolution with all the emphasis at my command. Howrah Bridge is an important connecting link between Calcutta and the rest of India. The present bridge is a disgrace not only to Calcutta, the premier city of India, not only to Bengal, but to whole of India, as it may collapse at any moment. How long this old ricketty bridge can be maintained with repairs? There is a limit to the life of everything, so it is imperative that a new bridge should be constructed as early as possible.

Now the question is whether it should be of a floating type or a cantilever bridge as desired by the Government. The latter will be very costly. India can ill afford to spend such a large sum of money as 6 crores for a beautiful bridge, when other important and urgent items of work require expenditure of an urgent nature. This cantilever bridge will require importation of materials and service and also to pay damages of 75 lakhs of rupees to a firm for a concern not worth more than 25 lakhs. Whereas the present floating bridge, which has lasted for 50 years cost us only about 30 lakhs of rupees.

If a new type of floating bridge with the latest improvements is constructed it will cost about a crore of rupees at the most. All the materials will be available in India and the working may be entrusted to competent Indian firms as well. A Committee of expert Engineers, the Bengal Chamber of Commerce and the public have agreed on a floating bridge. I do not see any reason why the Government will not accept all these recommendations and give sanction to the early construction of the bridge and remove the present difficulties.

Some one may question that the Bally Bridge will be ready in two or three years and it will be a second string to the bow but I can assure you, gentlemen, that this bridge will not remove the congestion

and demand on the Howrah bridge to and from Calcutta, although certain important passenger trains may be run to and from Sealdah instead of Howrah.

I trust that you will be glad to hear the opinion of the Government pronounced now on this important question, hanging over for years together.

With these few words I commend the Resolution to your unanimous acceptance.

The Resolution was carried.

INDIAN TRADE COMMISSIONERS.

Mr. R. J. Udani (Indian Chamber of Commerce in Great Britain) said:

Mr. President & Fellow Delegates,

The Resolution which I am asked to move reads as follows:—

"This Federation urges upon the Government of India the necessity of appointing experienced Indian businessmen as Indian Trade Commissioners in important Commercial Centres of the world to help India's Export Trade and to look after Indian Commercial and Industrial Interests in those countries."

The controversy of having our own Trade Commissioners in various parts of the World is an old one and many battles have been fought inside and outside the Assembly and Council of State to achieve that object. The Government of India, though, they accepted the resolution so ably moved by Sir Phiroze C. Sethna in the Council of State on the 13th February 1928, have so far not made any attempt to give effect to the wishes of the Indian Commercial bodies. In moving the resolution, Sir Phiroze C. Sethna said in the Council of State that the underlying principle of his resolution was the necessity and desirability of promoting and extending the Trade and Commerce of India with the other parts of the world; to this I may add the promoting of good will and social intercourse between Indians and people of other countries.

The prosperity of any country depends to some extent on Foreign Trade, specially export of its manufactured articles and other finished products and this could only be achieved if we have our own Trade Commissioners in various countries, who would not only give us information regarding various requirements of different countries but who would also make other nations understand and study our position and methods. It is, therefore, absolutely necessary for us to have our own Trade Commissioners in different countries and to these posts only Indians with practical business experience should be appointed. Sir, I emphasise this point not because I am against Europeans holding these posts but because, however clever and genuine well-wishers of India they may be, it is now proved that Europeans cannot very well give expression to Indian feelings in the same able manner as Indians can do.

Our export trade, specially in manufactured and finished products is not of so great a magnitude as we would like to have it. This is due to lack of systematic and correct information necessary for foreign trade. I am convinced that if we have sufficient information, our people are sure, to organise the export business according to the requirements of various countries.

During my tour on the Continent I came across many merchants who are not only willing to do direct business with India but are prepared to buy in Rupee Currency instead of Sterling. The trade possibility with the Balkans, Syria, Persia and Egypt, in yarn, Indian Piece Goods and other finished articles is so great that if it is properly organised, it would prove a great asset to India as a whole. But Sir, how many exporters, who are at present doing business with the above countries know the exact conditions, customs and requirements of those places? Does not this prove that the lack of correct information prevents us from extending our trade with foreign countries? Another complaint I received was from a Constantinople merchant, who complained that Indian shippers are not inclined to quote C. I. F. Constantinople. On making enquiries on this end, I find that the merchants could not quote because they do not get direct freight to Constantinople from here. Now, if we have Trade Commissioner in Constantinople, he could very well solve this difficulty by finding some way out.

Sir, you are aware that our ancestors went to East Africa, long before any Europeans came on the scene with a view to develop our

trade with that Continent and although we are in touch with Africa since last so many centuries, our trade has diminished when it ought to have increased. The reasons for this are not far to seek. The first thing as I observed before, is the lack of organisation and of information. Secondly, unfortunately on the plea of retrenchment, the Trade Commissioner, who was actually appointed at Mombassa in the year 1922, was withdrawn. Instead of withdrawing our representative from Kenya and thus curtailing the expenditure, the Government of India ought to have curtailed its expenditure in other directions because I feel that every penny we spend in this way will bring back to India more than an adequate return. The withdrawal of the Indian Trade Commissioner from Mombassa has greatly jeopardised the interest of the Indian Community there. The settlers in Kenya, who are out and out against Indians are manoevouring in such a way that eventually on account of the lack of trade, Indians would be forced to retire from Kenya. Unnecessary advantages have been taken of by the settler community by imposing all sorts of barriers on Indian Commercial community. They have not even failed to intimidate Indian trade at the point of revolvers. All such things could be ended or mended by reporting to the Government of India direct, if we have our Trade Commissioner there. To give you another instance, I would cite the case of the Italian Government who have recently passed an order by which Indians in Italian Somaliland are required to salute Europeans. That Government have recently forfeited all the property of and deported a well known Indian merchant of Kismayu on the plea that he did not salute the Governor of that Colony who as a matter of fact was not seen by that merchant. The Indian Chamber of Commerce in Great Britain have taken up this matter with the Imperial Government and as the negotiations are still being carried on between Britain and Italy, I shall not go into this matter further here. But I would like to emphasise that if we had a Trade Commissioner there, such a thing would not have come to pass.

The suggestion which I am putting forward for your consideration is by no means out of the common as it has been before this country and before the Government of India very prominently for the last so many years. Various business organisations, notably the Indian Merchants' Chamber, Bombay, The Indian Chamber of Commerce, Calcutta, The Bombay Millowners Association and the Indian Industrial Conferences, have time after time requested the

Government to appoint Indian Trade Commissioners in various countries and thus follow the lead given by the other parts of the Empire.

It is very gratifying to know from His Excellency the Viceroy's speech yesterday that proposals made by Sir Atul Chatterjee and Dr. Meek's Trade Mission to appoint Indian Trade Commissioners at various places, are receiving the careful and sympathetic consideration of the Government of India. Let us hope the Government of India will not delay any longer in giving effect to these proposals. But, Sir, we have to see that only Indians are appointed to these posts because it is my honest and firm conviction that our interests whether in London or elsewhere cannot be served properly by non-Indians as Trade Commissioners for India, and that they can only be best served by our own nationals. I therefore ask you Sir, to insist on having Indian businessmen as Trade Commissioners.

With these words I commend the resolution for your acceptance.

Mr. Beni Prasad Dalmia, (Marwari Chamber of Commerce, Bombay) seconded the resolution.

The resolution was carried.

ADOPTION OF SECOND ANNUAL REPORT:

The President then took item No. 4 on the Agenda regarding the adoption of the second annual report and the statement of accounts for the year ending 30th November 1928. He said: "The report and the statement have been circulated to you in usual course as required by the rules."

The report and the statement were adopted.

AMENDMENTS TO THE CONSTITUTION.

The President next placed the amendments to the constitution—Rules and Bye-Laws of the Federation.

Mr. D. P. Khaitan moved that under clause 7 (*b*) the word 'delegate' be substituted by 'representatives'.

Mr. Hirachand V. Desai proposed that the amendments be carried enblock. The suggestion was accepted unanimously and all the amendments to the Rules and Bye-Laws were passed.*

*Printed as an appendix.

ELECTION OF OFFICE BEARERS.

The list of office-bearers was then placed at the meeting for their approval.

Office-Bearers for the year 1929.

President.

Mr. G. D. Birla, M.L.A.

Members of the Executive Committee.

1. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., M.L.A., (The Indian Merchants' Chamber, Bombay).
2. Lala Shri Ram, (Delhi Hindustani Mercantile Association).
3. Mr. M. Jamal Mahomed Saib, (Southern India Skin & Hide Merchants' Association).
4. Mr. Walchand Hirachand, C.I.E., (The Maharashtra Chamber of Commerce, Bombay).
5. Mr. Fakirjee Cowasjee, (The Buyers & Shippers Chamber, Karachi).
6. Mr. R. C. Pandit, (The Behar & Orissa Chamber of Commerce, Patna).
7. Mr. Jadu Nath Roy, (The Bengal National Chamber of Commerce, Calcutta).
8. Mr. Laxmidas R. Tairsee, (The Indian Merchants' Chamber, Bombay).
9. Mr. Hirachand Vanechand Desai, (The Bombay Shroff Association, Bombay).
10. Hon'ble Mr. G. A. Natesan, (The Southern India Chamber of Commerce, Madras).
11. Mr. Adamjee Hajee Dawood, (The Burma Indian Chamber of Commerce, Rangoon).
12. Rai Bahadur Vikramajit Singh, (The U. P. Chamber of Commerce, Cawnpore).

Honorary Treasurers.

1. Mr. D. P. Khaitan, (The Indian Chamber of Commerce, Calcutta).
2. Mr. Faizulla Gangjee, (The Indian Chamber of Commerce, Calcutta).

THE PRESIDENT:—I venture to remark that the list should meet with your approval.

The resolution was carried.

ELECTION OF AUDITORS.

It was decided that Messrs. Batliboi and Purohit be elected Auditors for 1929.

VOTE OF THANKS TO MR. J. K. MEHTA.

THE PRESIDENT:—As you know Mr. J. K. Mehta, has acted as our Secretary ever since the Federation was started. In fact since 1916 when the first Commercial Congress was held he has been connected with every such gathering. Now as the Head Office of the Federation is to be moved from Bombay to Calcutta, Mr. Mehta wants to be relieved of his Honorary Secretaryship. I wish to say one word about him and that it this, that Mr. Mehta took almost paternal care in rearing this child, the Federation; and but for him it would not have been in the position in which it is to-day. I move the following resolution for your acceptance:—

"The Federation record their high appreciation of Mr. J. K. Mehta's able services to the Federation as Honorary Secretary for a period of 2 years and regret his inability to continue his services further owing to the Head-quarters of the Federation having to be removed out of Bombay. The Federation trust Mr. Mehta's interest in the welfare of the Federation will continue unabated and desire to record their best thanks to Mr. Mehta for his labour of love."

The resolution was carried.

MR. J. K. MEHTA:—I am deeply obliged to the President for the very kind words in which he has expressed his feelings with

regard to my work. I may say that whatever little I have been able to do for the Federation has been due to the response I have always been able to obtain from the successive Presidents and other leaders of Commerce and Industry since the time the idea of a united Commercial India was started in 1915.

Though connected with business I am somewhat an idealist myself, and have always cherished the dream of Federation of Indian Chambers of Commerce, joining together in one common tie Indian Chambers of Commerce and Commercial Associations in all the principal cities and towns of commercial and industrial importance. I am glad to see that this dream of mine is nearing fruition, and I hope that this Federation will continue to grow and gather strength year by year under the guiding care and watchfulness of leaders of Indian Commerce and Industry. With these words, I again thank you all for your kind appreciation of my humble services.

VOTE OF THANKS TO THE PRESIDENT.

This Annual Meeting of the Federation places on record its deep sense of thankfulness to Sir Purshotamdas Thakurdas Kt., C.I.E., M.B.E., M.L.A., the retiring President, for his able and masterly administration of the Federation during the year and for his services to the Federation which has shown a remarkable progress during his regime.

Mr. G. D. Birla said :—It devolves upon me now to perform the most pleasing function, that is, of offering our hearty and cordial thanks to the retiring President. Gentlemen, my task is as pleasant as it is delicate. It is delicate because my relations with the retiring President are something more than of an official nature. Our relations are more or less like those of two members of a family and therefore I feel great delicacy in performing this function, and yet as the Vice-President of the Federation I must discharge my duty. I do not think I need relate to you what Sir Purshotamdas has done for this Federation. In fact he is the originator of the Federation. He nursed it like a child of his own and he is now transferring its steer-wheel into my hands with all paternal sentiment. I do not wish to offer any formal thanks. This is not our custom. That is Western

manners. I may quote here a verse from Aknar: "All those who meet with their hands never meet from the depth of their hearts." I think it is better that we thanked him from our hearts. Although he is retiring we are not losing his services. I say this because he, will still be attached heart and soul to the Federation.

Gentlemen, let me thank you for your kindly electing me as your President. You have thrust on me responsibilities which are very serious. Yet I hope I will be able to perform my duties with your help and with the help of the retiring President to the best of my abilities.

I may say a word about Mr. Mehta. I do not want to thank him, because I know he is indifferent to that. He has assured me that whenever I want to utilise his services I can do so. And I am sure I will have to do so from time to time.

Seconding the vote of thanks Mr. M. L. Dahanukar, (Maharshtra Chamber of Commerce) said:

Gentlemen, I consider it an honour to have been asked to second the proposition so ably moved by Mr. Birla. It is needless for me to say as to how great a debt of gratitude we all owe to Sir Purshotamdas who so ably conducted the proceedings of the Federation through out the year and gave us a good lead in our commercial and industrial life. I being from Bombay was fortunate to enjoy the privilege of serving with him on the Committee of the Indian Merchants' Chamber and know him more closely and thus can acquaint you very briefly with some of his multifarious and distinguished services in the cause of the Indian mercantile community. He was one of the founders of the Indian Merchants' Chamber, Bombay, and served as its Vice-President continuously for 6 years and was its President 3 times and the present position of the Chamber is largely due to his efforts. He has been a member for years of the Bombay Port Trust and his services there also have proved of immense value to the Bombay traders. He was a member of the Old Bombay Legislative Council and the first Council of State for many years and he is now for the last 5 years representing the Indian Merchants' Chamber, Bombay, in the Indian Legislative Assembly and we are not unaware of his great work there. His sturdy fights on the Ratio Problem, Indianization, Industrial Trade disputes Bill and the Public Safety Bill are very well known to us. He served as

a member on the Indian Railway Committee and it was he who got the majority to agree to accept the Principle of owning and controlling the Indian Railways by the State. He was a member of the Retrenchment Committee and did very valuable work there. He also served as a member on the Royal Currency Commission where his able minute of dissent on Gold Currency and Exchange set down a line of action to be followed by the Government but unfortunately the Government did not accede to it.

Thus gentlemen, you will all agree with me that his service in various spheres have immensely advanced the cause of the whole of the Indian Commercial Community and he is therefore more aptly recognised not only a leader of Bombay but of the whole of the Indian Commercial Community and shall request him to continue to give the benefit of this most invaluable work, knowledge and experience as long as he could to advance the national aspirations of the Indian Mercantile Community.

With these words Gentlemen, I request you to join me to express our gratitude towards Sir Purshotamdas by passing this resolution wholeheartedly and with acclamation. (*Applause*).

President's concluding remarks.

The President in his final remarks said :

Mr. Birla and gentlemen.

As you, Mr. Birla, rightly remarked, your connection and mine is so intimate that I would rather not express any thanks to you for your very kind words about me. Gentlemen, I am glad if I have been able to do anything which has met with your approval. A member of the Committee said casually here that the work of the Committee of the Federation should be judged by the quality of the work done there. I fully agree with him; and looked at from this point of view, I am afraid, I have very little claim to the resolution that you have so kindly passed. The Federation, however, is working under certain handicaps which you all know. However, I am sure that what little work the Committee have done is solid and useful work.

Now regarding our work in the future, may I suggest to you that it is imperative that you should trust your President and support

him in his onerous duties. I would suggest to the Federation to select a President in whom they have the fullest confidence and would then ask the Federation to give him a free hand during the year of his office. It is necessary not to differ from the President except on very substantial grounds. I have no doubt that in your President for the coming year, you have selected the right person and with the assistance of the Committee that you have just now elected, I know that I am handing over my charge to about the best set of commercial men in all India.

I wish to thank you for the assistance you have given me in conducting the meeting yesterday and to-day and I wish you and those whom you represent the fullest prosperity and a successful career for years to come.

With these words I declare the meeting dissolved.

APPENDIX.

List of Members of the Federation with their Representatives.

	NAMES OF MEMBERS.		NAMES OF REPRESENTATIVES.
1.	The Indian Merchant's Chamber, Bombay.	*1.	Sir Purshotamdas Thakurdas Kt., C.I.E., M.B.E., M.L.A.
		†2.	Sir Ibrahim Rahimtoola, K.C.S.I., C.I.E.
		3.	Mr. Laxmidas Rowjee Tairsee.
		4.	Mr. H. P. Mody.
2.	The Indian Chamber of Commerce, Calcutta.	*1.	Mr. G. D. Birla, M.L.A.
		*2.	,, D. P. Khaitan.
		3.	,, Faizullabhai Gangjee.
		4.	,, K. J. Purohit.
3.	The Southern India Chamber of Commerce, Madras.	1.	Mr. C. Gopala Menon, M.L.C.
		2.	Hon'ble Mr. G. A. Natesan.
		3.	Mr. V. K. Chetty.
		4.	,, M. A. Muthia Chettiar.
4.	The Burma Indian Chamber of Commerce, Rangoon.	1.	Mr. Adamjee Hajee Dawood.
		2.	Khan Bahadur A. Chandoo.
		3.	Mr. S. P. S. Iyer.
		4.	,, R. H. Gandhi.

*Member of the retiring Executive Committee.

†Co-opted member of the Retiring Executive Committee.

	NAMES OF MEMBERS.		NAMES OF REPRESENTATIVES.
5.	The United Provinces Chamber of Commerce, Cawnpore.	1.	Mr. W. C. DeNoronha.
		*2.	Rai Bahadur Babu Vikramajit Singh, Advocate, M.L.C.
		3.	Mr. Shri Ram Khanna.
		4.	B. Dwaraka Prasad Singh.
6.	The Mysore Chamber of Commerce, Bangalore.	1.	Mr. M. Ramiah.
		2.	,, S. G. Sastry,
		3.	
		4.	
7.	The Behar & Orissa Chamber of Commerce, Patna.	1.	Rai Bahadur Bansidar Dhandhania, M.L.C.
		2.	Rai Bahadur Ram Ran Vijaya Sinha.
		3.	Mr. R. C. Pandit.
		4.	Babu Balakrishna Das.
8.	The Marwari Chamber of Commerce, Bombay.	1.	Mr. Beniprasad Dalmia.
		2.	,, Begraj Gupta.
		3.	,, Prabhashankar Sukla.
		4.	,, Umashankar Dikshit.
9.	The Buyers & Shippers Chamber, Karachi.	1.	Mr. Jamshed N. R. Mehta.
		2.	,, Shivrattan Mohatta.
		*3.	,, Fakirjee Cowasjee.
		4.	,, C. A. Buch.

*Member of the Retiring Executive Committee.

NAMES OF MEMBERS.	NAMES OF REPRESENTATIVES.
10. The Karachi Indian Merchants' Association.	1. Sheth Shivrattan Mohatta.
	2. Mr. R. K. Sidhwa.
	3. ,, Shrikishendas H. Lulla,
	4. ,, Manubhai D. Joshi.
11. The Maharashtra Chamber of Commerce, Bombay.	*1. Mr. Walchand Hirachand, C.I.E.
	2. ,, M. L. Dahanukar.
	3. ,, K. B. Joshi.
	4. ,, G. S. Ranade.
12. The Bombay Bullion Exchange Ltd., Bombay.	1. Mr. Lachhmandas Harakchand Daga.
	2. ,, Maneklal Premchand.
	3. ,, Chunilal Bhaichand Mehta.
	4. ,, Sakarlal Damordas Parikh, B.A., L.L.B.
13. The Marwari Association, Calcutta.	1. Rai Badridas Goenka Bahadur, C.I.E., M.L.C.
	2. Rai Ramdev Chokhany Bahadur.
	3. Babu Gobordhan Das Shroff.
	4. Babu Ramdhan Dass Jhajhoria.
14. The Ahmedabad Mill-owners' Association, Ahmedabad.	1. Sheth Chamanlal G. Parekh.
	2. ,, Sakarlal Balabhai.
	3. ,, Mangaldas G. Parekh.
	4. ,, Thackorelal C. Munshaw.

*Member of the Retiring Executive Committee.

NAMES OF MEMBERS.		NAMES OF REPRESENTATIVES.
15.	The Southern India Skin & Hide Merchants' Association, Madras.	*1. Mr. M. Jamal Mahomed Saib.
		2. ,, Mahomed Ismail.
		3. ,, Sundaram Naidu.
		4. ,, A. Abdur Rahim Saib.
16.	The Indian Mining Federation, Calcutta.	1. Mr. A. L. Ojha.
		2. ,, K. Dutt.
		3. ,, S. C. Ghose.
		4. ,, V. V. Thacker.
17.	The Grain Merchants' Association, Bombay.	1. Sheth Velji Lakhamsi.
		2. ,, Peraj Khatav.
		3. ,, Chunilal Amarji.
		4. ,, Kheraj Shamji.
18.	The Indian Produce Association, Calcutta.	1. Babu Rameshwarlal Nopany.
		2. Kumar Krishna Kumar.
		3. Babu Harishankar Agarwalla.
		4. Mr. U. S. Chouchury.
19.	The Indian Tea Planters' Association, Jalpaiguri.	1. Sjt. Jogesh Chandra Ghose.
		2. ,, Naline Ranjan Ghose.
		3. ,, Biraj Kumar Banerjee.
		4. ,, Debesh Chandra Ghose.

*Member of the Retiring Executive Committee.

NAMES OF MEMBERS.	NAMES OF REPRESENTATIVES.
20. The Telikanta Brokers' Association, Calcutta.	1. Mr. Rameshwardas Dalmia.
	2. ,, Sarajuprasad Sharma.
	3. ,, Jivandas Khimjee.
	4. ,, Manmathanath Bannerji.
21. The Bombay Shroff Association, Bombay.	1. Sheth Hiradhand Vanechand Desai.
	2. ,, Khataubhai Morarji.
	3. ,, Laxmichand Manekchand Doshi.
	4. ,, Tarachand Narbheram Modi, B.A.
22. The Behar and Orissa Mica Association, Giridih.	1. Mr. K. K. Mitter.
	2. ,, Bajnath Mistry.
	3. ,, S. C. Ghosh.
	4. ,, D. N. Ganguly.
23. The Delhi Hindustani Mercantile Association, Delhi.	1. Lala Ram Prasadji.
	†2. ,, Shri Ram.
	3. ,, Amirchand Khasla.
	4. ,, Padam Chandji.
24. The East India Jute Association, Ltd., Calcutta.	1. Mr. H. P. Bagaria.
	2. ,, Sohanlall Duggar.
	3. ,, Madanlall Sakseria.
	4. ,, Prahladrai Churiwal.

†Co-opted member of the Retiring Executive Committee.

NAMES OF MEMBERS.	NAMES OF REPRESENTATIVES.
25. The Indian Chamber of Commerce in Great Britain, London.	1. Sir Shapurji B. Billimoria, Kt.
	2. Mr. Hemchand Jhaveri.
	3. ,, R. J. Udani.
	4. ,, K. M. Banthiya.
26. The Bengal National Chamber of Commerce, Calcutta.	1. Rai A. C. Bannerjee Bahadur.
	2. Babu Amulya Dhone Addy.
	3. Babu Jadunath Roy.
	4. Kumar Surendra Nath Law.
27. The Seeds Traders' Association, Bombay.	1. Mr. Ratilal Mulji Gandhi.
	2. ,, Chhotalal Kilachand.
	3. ,, Gordhandas Jamnadas.
	4. ,, Kanaiyalal Maganlal.
28. The Indian Insurance Association, Bombay.	1. Mr. K. S. H. Iyer.
	2. ,, C. S. Rangaswami.
	3.
	4.
29. The Bengal Jute Dealers' Association, Calcutta.	1. Babu Hrishikesh Shaw.
	2. ,, Sirish Chandra Chowdhury.
	3. ,, Sugam Chandra Bothra.
	4. ,, Radha Krishna Chamaria.

APPENDIX.

RULES AND REGULATIONS
and
BYE-LAWS

OF THE

Fedaration of Indian Chambers of Commerce & Industry.

(As amended at the Second Session of the Annual Meeting, held at Calcutta, on 28th and 29th December, 1928.)

Name.

1. The name of the Association shall be "The Federation of Indian Chambers of Commerce and Industry" hereinafter called the Federation.

Registered Office.

2. The Registered Office of the Federation will be at the place where the President for the year has his headquarters or where he directs it to be located.

Objects.

3. The objects for which the Federation is established are:—

(*a*) To promote Indian business in matters of inland and foreign trade, transport, industry and manufactures, finance and all other economic subjects.

(*b*) To encourage friendly feeling and unanimity among business community and associations on all subjects connected with the common good of Indian business.

(*c*) To secure organised action direct and indirect on all subjects mentioned above.

(*d*) To collect and disseminate statistical and other information and to make efforts for the spread of commercial and economic knowledge.

(*e*) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid economic interests and in general to take the initiative to secure the welfare of the business community in all respects.

(*f*) To provide for arbitration in respect of disputes arising in the course of trade, industry or transport or other business matters, and to secure the services of expert technical and other men to that end if necessary or desirable.

(*g*) To secure the interests and well-being of the Indian business communities abroad.

(*h*) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Federation directly or indirectly.

(*i*) To attain those advantages by united action which each Member may not be able to accomplish in its separate capacity.

(*j*) To have power to establish offices or agencies within or outside British India or appoint agents there in order to carry out the objects mentioned above.

(*k*) To help in the organisation of Chambers of Commerce or Commercial Associations in different trade centres of the country.

(*l*) To convene when thought necessary a Commercial Congress at such place and at such time as may be determined by a resolution of the Federation.

(*m*) From time to time to borrow or raise moneys which may be required for the purposes of the Federation upon bonds, debentures, bills of exchange, promissory notes or other obligations or securities of the Federation or by mortgage or charge of the Federation's property including

its uncalled capital (if any) and the amount guaranteed by the members of the Federation for the time being mentioned in the sixth clause hereof.

(*n*) To purchase, take on lease, or hire or otherwise acquire any movable or immovable property or any rights or privileges necessary or convenient for the purposes of the Federation.

(*o*) To construct or alter or keep in repair any buildings required or used by or for the Federation and to pull down or demolish any buildings not so required.

(*p*) To invest the money of the Federation not immediately required in such securities as may, from time to time, be determined by the President or Committee including any debentures issued by the Federation.

(*q*) To sell, improve, manage, develop, lease, mortgage, dispose of or otherwise deal with all or any part of the property of the Federation.

(*r*) To subscribe to, become a member of, or otherwise co-operate with any other association, whether incorporated or not, whose objects are altogether or in part similar to those of this Federation.

(*s*) To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing placing of any debentures or other securities of this Federation.

(*t*) To establish and support, or aid in the establishment and support of associations, institutions, funds, trusts and convenience, calculated to benefit employees of the Federation or the dependants or connections of such persons, and grant pensions and allowances, and to make payments towards insurance, and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition or for any public, general, useful object.

(*u*) To assign to any member or class of members any preferential, special or qualified rights or privileges

over or as compared with any other members as regards voting or otherwise howsoever.

(*v*) To enter into any arrangement with any Government or authority supreme, municipal, local or otherwise that may seem conducive to the Federation's objects or any of them, and to obtain from any such Government or authority all rights, concessions, and privileges which the Federation may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.

(*w*) To sell or dispose of the undertaking of the Federation or any part thereof for such consideration as the Federation may think fit and in particular for shares, debentures or securities of any other company having objects altogether or in part similar to those of this Federation.

(*x*) To take otherwise acquire and hold shares in any other company having objects altogether or in part similar to those of this Federation.

(*y*) To undertake and execute any trusts the undertaking of which may seem to the Federation desirable either gratuitously or otherwise.

(*z*) To draw, make, accept, discount, execute, and issue bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities.

(*zi*) And generally to do all other things incidental to the attainment of the above objects.

Membership.

4. There shall be two classes of Members.

(1) Ordinary Members, and

(2) Honorary or Corresponding Members.

Any Chamber of Commerce or Commercial or Industrial Association having on its roll not less than 25 members shall be eligible to become an Ordinary Member of the Federation, provided that where

a Chamber of Commerce or a Commercial Association has less than 25 members, it shall be optional with the Executive Committee to admit such a Chamber of Commerce or a Commercial Association provided it is satisfied that a substantial portion of the members of such a Chamber of Commerce or a Commercial Association are incorporated companies engaged in trade and/or industry.

The Executive Committee hereinafter mentioned shall have power to elect as Honorary Members, Merchants or Mercantile Firms in any part of India, Members of the Central or Provincial Legislature or any gentleman, whose admission, in the opinion of the Executive Committee, is likely to promote the interests of the Federation, and also to appoint Foreign and Colonial Chambers of Commerce as Corresponding Members.

Application for Membership.

5. Every Chamber or Association desirous of becoming an Ordinary Member of the Federation shall send in an application to the Secretary in the prescribed form. This application shall be placed before the Executive Committee at their next meeting, or by circular, for their approval. The Executive Committee may refuse any application without assigning any reason. Every application shall be disposed of within three months after it is received at the office of the Federation.

Subscription.

6. Each Ordinary Member shall pay Rs. 150 as Annual Subscription.

Representation of members & their votes.

7. (*a*) Each Ordinary Member shall be entitled to send four representatives to the meetings of the Federation. Each such representative shall have one vote.

Ex-officio representatives.

7. (*b*) Office-Bearers and Members of the Executive Committee will be *ex-officio* representatives to Annual or any other General Meeting of the Federation with the power of voting.

Subscriptions how to be paid and funds how to be operated upon.

8. All subscriptions and other moneys of the Federation shall be paid to the credit of the same at some Bank fixed by the Committee. All cheques shall be signed by the President or the Vice-President for the time being and

countersigned by the Secretary, provided that when both the President and the Vice-President are absent from the headquarters, they may be signed by any two members of the Executive Committee who may be present.

Moneys not required for the current expenditure of the Federation may be remitted to the Hony. Treasurers for investment in securities and/or as fixed deposits or in the current account as may be from time to time decided by the Committee and signatures in all such cases will be effected by both or either of the Hony. Treasurers as may be fixed by the Committee.

Annual and Special Meetings.

9. There shall be an Annual Meeting of th Federation held at a place and on a day to be fixed by the Executive Committee in the month of December in each year or as soon thereafter as possible as the Executive Committee may determine, of which not less than 30 days' notice shall be given.

A Semi-annual or Special Meeting of the Federation may be convened by the Executive Committee or on the requisition of one-third of the total number of members addressed to the Secretary of the Federation who shall give at least 30 days' notice thereof and no other business shall be entered upon at a special meeting than that stated in the notice except as allowed under article 11.

Meetings how convened.

10. All meetings of the Federation shall be convened by circular sent by the Secretary to each of its members.

Agenda of Meetings.

11. No subject which is not specified in the official Notice of Programme of Business to be transacted shall be permitted to be discussed at any annual, semi-annual or special meeting, *until the subjects specified in such programme have been disposed of.* No formal resolution shall be adopted at a meeting, nor any public action taken in the name of the Federation at such a meeting on any subject unless it shall have been included in such programme, duly issued by the authority of Executive Committee. If, however, the President or Chairman of the meeting suggests any subject for consideration and at least $\frac{3}{4}$th of the members present agree to the same being considered, such question may be treated as part of the Agenda

and proceeded with. No action shall be taken by the Federation, in its collective capacity, except on the resolutions carried by a majority of two-thirds of the votes given thereupon.

Quorum at General Meetings.

12. The quoram present to constitute a meeting of the Federation shall not be less than the representatives of six Ordinary Members.

If within half an hour from the time appointed for the meeting a quorum be not present, the meeting shall stand adjourned to such day as the members then present may fix, and notice of such adjournment shall, if possible, be sent by the Secretary to each Member. At the adjourned meeting the number present for the time being shall constitute the quorum.

Who shall preside at Meetings.

13. The President of the Federation shall preside Ex-Officio; in his absence the Vice-President. In their absence the meeting shall nominate the Chairman.

Executive.

14. The business of the Federation shall be managed by an Executive Committee composed of a President, a Vice-President, two Treasurers and eleven members. All these excepting the Vice-President shall be elected at the Annual Meeting of the Federation. The Vice-President shall be elected by the Executive Committee from amongst themselves at their first meeting.

Co-opted Members.

15. The Committee shall have power to co-opt persons as Members of the Executive Committee upto a maximum of six.

Co-option of Specialists.

16. The President and the Vice-President can co-opt upto four specialists for special subjects as members of the Executive Committee, but such specialist members shall not have any power of voting.

How Elected.

17 At each Annual Meeting, a President, Two Treasurers and twelve other representatives of the Ordinary Members shall be elected by ballot, to constitute the Executive Committee of the Federation, who shall remain in office until their successors be elected. They shall

have power to fulfil all executive duties, and to carry on the work of the Federation, and with power, also, to fill any vacancies which may arise in their number from death, resignation, or otherwise during their tenure of office.

Quorum of Ex.-Committee.

18. Any three members shall constitute a quorum at all meetings of the Executive Committee.

Appointment of Auditors.

19. At each Annual Meeting an Auditor shall also be elected to audit the accounts of the Federation.

Annual Report and Statement of Accounts.

20. At each Annual Meeting the Executive Committee shall present a report of its proceedings and a statement of the accounts of the Federation duly certified by the Auditors.

Power of Executive.

21. The Executive Committee shall have power to take offices for the use of the Federation, to defray all necessary expenses, and to appoint a Secretary and such other officers as may be found necessary for the due conduct of the business of the Federation with monthly salaries or otherwise and subject to the provisions of these rules and regulations to appoint their own meeting and regulate their own proceedings, to manage and superintend the affairs of the Federation and act in its name, and generally to execute all powers and functions of the Federation not hereby exclusively conferred upon the Annual Meetings of the Federation.

Office.

22. The Office of the Federation shall be situated at the place where the President has his headquarters or where he directs it to be located.

Secretary.

23. The current duties of the Secretary shall be to keep fair minutes and records of all proceedings of the Federation and of which the Secretary shall be the custodian, to give the earliest possible information to each member of all matters affecting the interest of commerce, to procure and transmit to each member at cost price, any books, Government or other publications that it may order to render assistance to such member as may require it in obtaining interviews with Members of Government, Official Persons or Public bodies,

and to render such services generally to the members as the Executive Committee may require.

24. The Executive Committee shall have power from time to time to make such Bye-laws for the Government of the Federation and for the furtherance of the purposes for which it is established, and for carrying on its business, as they may from time to time consider necessary, provided such Bye-laws be not repugnant to the rules and regulations; also from time to time to revoke or alter any of the said Bye-laws but such Bye-laws so made after the first Bye-laws hereinafter named, shall be submitted for confirmation at the next Annual Meeting of the Federation.

Minutes.

25. Correct minutes of the proceedings of the Executive Committee of the Federation shall be kept in suitable books, which shall be open to the inspection of members at all reasonable times.

Alteration in Rules and Regulations.

26. The foregoing Rules and Regulations shall be printed and copies of the same forwarded to all members and no alteration or addition shall be made, therein or thereto, unless notice of the same has been given first to the Executive Committee which will send them on to the General Meeting for final decision unless eight of its members have voted against them. In this case it will require a requisition by ten members of the Federation to get the amendments considered by the General Meeting.

BYE-LAWS.

1. Each affiliated Chamber and Association shall transmit to the Executive Committee all resolutions which it may desire to propose for discussion at the next Annual Meeting of the Federation with such explanations and references to sources of information on the particular topics therein referred to as it may deem likely to promote full and fair consideration of the matters in question; and such resolutions shall be so transmitted not later than the 31st October in each year; and each affiliated Chamber shall also transmit to the Secretary of the Federation within the month of November every year a certified return of the number of subscribing members of such Chamber or Association on the 1st of the month.

2. The Executive Committee shall, as early as may be after the 31st October classify such resolutions, and draw up therefrom a programme of the intended proceedings of the meeting; and shall send to every affiliated member, not less than fourteen days before such meeting, at least five copies of such programme.

3. In the event of any resolution of similar purport being discussed and rejected by the Federation at two consecutive Annual Meetings, it shall not be competent for any affiliated member to propose a like resolution until after the next Annual Meeting.

4. The Executive Committee are empowered to give notice of any subject or resolution for consideration at any of the Annual General, or special meetings of the Federation.

5. At the Annual General, or Special Meetings of the Federation, no one not a representative of a member shall be allowed to speak, unless authorised by resolution previously passed by the Executive Committee.

6. Subject to Article 10 prior to commencing business on the first day of any meeting, it shall be competent for any representative present to give notice of any other subject relating to commerce for discussion only at the close of the business specified in the official programme; and the meeting shall determine by vote to permit the said subject to be discussed or the contrary.

7. (*a*) That at the annual and special meetings of the Federation the President, or the Chairman for the time being, may in the case of any resolution which has been passed at several previous meetings, and not subsequently rejected put it to the meeting as soon as it has been moved and seconded, provided no one rises to speak in opposition to it. Such resolutions so passed shall be marked with an asterisk on the official programme.

(*b*) That the movers of resolutions or amendments at any annual or special meeting of the Federation be allowed to speak for a maximum period of fifteen minutes, and that all other delegates be restricted in speaking to a time limit of ten minutes; provided that such time may be extended in special cases by the Chairman or by the general assent of the meeting.

8. The Executive Committee shall meet whenever necessary at the Office of the Federation or any such place as may be fixed by the President or in his absence the Vice-President.

9. The President of the Federation shall take the Chair at all meetings, in his absence the Vice-President and in their absence, the meeting shall elect its own Chairman.

10. The Secretary shall, in conjunction with the President, arrange the business of the meeting and take minutes or notes of the proceedings.

11. The Secretary shall send a summons or notice of all meetings to each member of the Executive Committee and shall mention on such summons any important or special business expected to come before the meeting.

12. A meeting of the Executive Committee shall be summoned by the Secretary at the request of the President or of any three members of the Executive Committee.

13. The Secretary shall record the minutes in the Minute Book and they shall be circulated among members and signed by the Chairman as confirmed at a subsequent meeting of the Committee.

14. Any resolution passed at one meeting of the Executive Committee shall not be rescinded at a subsequent meeting, unless due notice be previously given of such intention on the summons nor shall any of the bye-laws be altered, rescinded or added to without such notice and confirmation at a subsequent meeting.

15. That the President or Chairman of any meeting of the Federation shall be empowered to prohibit the reading of any speech at such meeting.

16. The resolutions of similar import shall not be brought up for discussion at two consecutive General Meetings of the Federation within twelve months except by consent of the Executive Committee.

17. That discretion be given to the Executive Committee as to the precise action to be taken by them in carrying out any resolution passed at the meeting of the Federation.

Federation of Indian Chambers of Commerce and Industry.

PROCEEDINGS

OF THE

THIRD ANNUAL MEETING

HELD AT

DELHI,

on 14th, 15th & 16th February 1930.

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FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY.

Proceedings of the Third Annual Meeting held at Delhi on 14th February, 1930.

The Third Annual Meeting of the Federation of Indian Chambers of Commerce and Industry was held at the Delhi University Convocation Hall, Delhi, on Friday, the 14th February, 1930, at 2-30 p.m.

Mr. G. D. Birla, M. L. A., the President of the Federation, received at the entrance His Excellency the Right Honourable Edward Frederick Lindley Wood, Baron Irwin of Kirby Underdale, P. C., G. M. S. I., Viceroy and Governor-General of India. The President then introduced to His Excellency the Viceroy, Lala Shri Ram, Vice-President, Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M. L. A., Lala Harkishen Lal, Mr. Walchand Hirachand, C. I. E., Mr. M. Jamal Mohamed Saib, Mr. D. P. Khaitan, Mr. Jadu Nath Roy, Mr. Kasturbhai Lalbhai, Mr. R. C. Pandit and the Hony. Secretary, Mr. M. P. Gandhi.

Among those who accepted the Committee's invitation to be present at the Session were the Hon'ble Mr. V. J. Patel, President of the Legislative Assembly, the Hon'ble Sir Bhupendra Nath Mitra, K. C. S. I., K. C. I. E., C. B. E., Member, Industries and Labour, the Hon'ble Sir George Rainy, K. C. I. E., C. S. I., Commerce Member, the Hon'ble Sir George Schuster, K. C. M. G., C. B. E., M. C., Finance Member, Pandit Madan Mohan Malaviya, M. L. A., Dr. Sir Hari Singh Gour, Kt., M. L. A., Sir Frank Noyce, Kt., C. S. I., C. B. E., M. L. A., the Hon'ble Sir Arthur MacWatters, Kt., Mr. J. A. Woodhead, Mr. H. Denning, Mr. J. B. Taylor, Lieut. - Colonel H. A. J. Gidney, M. L. A., Sir Darcy Lindsay, Kt., C. B. E., M. L. A., Mr. A. A. L. Parsons, C. I. E., M. L. A., Mr. V.

K. A. Aiyangar, Mr. W. S. Lamb, M.L.A., Pandit Hirday Nath Kunzru, M. L. A., Mr. G. W. Chambers, M. L. A., Sir Hugh Cocke, Kt., M. L. A., Mr. H. S. Crosthwaite, C. I. E., M. L. A., Mr. S. N. Haji, M. L. A. Besides these, there were present Lala Shri Ram, the Vice-President of the Federation, Sir Purshotamdas Thakurdas, Kt., Mr. Walchand Hirachand, Mr. M. Jamal Mahomed Saib, Mr. Jadu Nath Roy, Mr. D. P. Khaitan, Lala Harkishenlal, Mr. R. C. Pandit, Mr. Kasturbhai Lalbhai, Sir Chinubhai Madhowlal Ranchhodlal, Bart., Mr. Narsidas Jeykisondas, Kumar Ganganand Sinha, M. L. A., Mr. H. P. Mody, M. L. A., Mr. Lalji Naranji, M. L. C., Mr. Hooseinbhoy A. Lalji, M. L. C., Mr. Chunilal B. Mehta, Mr. R. H. Gandhi, Mr. C. A. Buch, Mr. H. P. Bagaria, Lala Ramjidas Vaishya, Mr. G. L. Mehta, Lt. P. S. Sodhbans, Sir Shapurjee B. Billimoria, Kt., M. B. E., Mr. Spittama Cama, Mr. K. S. Ramchandra Iyer, Babu Paresh Chandra Banerjee, Mr. A. L. Ojha, M. L. C., Seth Haji Abdulla Haroon, M. L. A., Mr. R. L. Nopany, Lala Jaswantrai Churamani, M. A., Mr. R. K. Sidhwa, Mr. M. L. Dahanukar, Mr. N. W. Gurjar, Mr. Ramchandra Baid, Mr. V. V. R. Subbiah Chettyar, Mr. Ka ilal Mulji Gandhi, Dewan Bahadur M. Balasundaram Naidu Garu, Mr. W. C. de'Noronha, Pandit Vidyasagar Pandya, M. L. A., Mr. Fazal Ibrahim Rahimtoolla, M. L. A., Mr. J. K. Mehta, Mr. S. D. Parekh, Mr. Umashanker Dikshit, Mr. Lalshankar Harprasad, Mr. Uttamram Ambaram, Mr. M. P. Gandhi and Mr. C. S. Rangaswami and other representatives* of the Member-bodies of the Federation.

The President, Mr. G. D. Birla, M. L. A., in requesting His Excellency the Viceroy to declare the proceedings of the Third Session open said:—

Your Excellency and Gentlemen,

It is my proud privilege to accord to Your Excellency a hearty welcome on behalf of Indian Commerce and In-

* A list of the affiliated Chambers and Associations with their representatives is printed as an Appendix.

dustry as represented by the Federation. We fully appreciate the honour you have done us—not for the first time—by your presence as the Viceroy and Governor-General of India at our Annual Meeting, and I respectfully tender to Your Excellency our grateful thanks for your very kind response to our invitation. I also extend our welcome and thanks to the Members of your Council whom we are so glad to find in our midst to-day.

Our welcome to-day is coupled with the most sincere congratulation on Your Excellency's providential escape from the recent outrage which sought to victimise you. No condemnation could be too strong for any such attempt; and we wish it were more widely known and realised than it apparently is that every such misdeed means a setback to the country's cause. It is so immensely satisfactory to find that there has been universal reprobation of the dastardly deed throughout the country, and we as a body, no less interested in the well-being and prosperity of our motherland than any other section of the public, should like to express our utter abhorrence of every such resort to violence, and to say that a worse disservice to the country could not be conceived.

My predecessor in office referred in his speech last year to the unjust exclusion of Indian firms and nationals from the commercial organisations in London. I am glad to be able to say that since then progress has been made, for which the credit is due in a very large measure to Your Excellency. Indian commercial interests feel indebted to Your Excellency for the personal interest you have been taking in the matter, and for the beginning of a new chapter to which your efforts have contributed. I cannot help thinking in this connection of the conciliatory speech of Sir Stephen Demetriadi, who set the the ball rolling, and who deserves our thanks for the attitude he has all along taken. Our thanks are also due to Sir A. C. Chatterji, High Commissioner for India in London, for the very great assistance he has rendered in the matter.

Since the last Annual Meeting of the Federation, we have lost two of our best friends who were also two of the most doughty champions of the country's economic interests —I am referring to the deaths, so unfortunate, and in one case under such tragic circumstances, of Mr. B. F. Madon and of Mr. Narottam Morarji. The Indian business world never stood in greater need of men of their ability and patriotism than to-day, and the loss to the country is truly irreparable.

A year has gone by since we last met, and for India its record has been anything but satisfactory. It has been a year of hopes deferred, of progress delayed, with no improvement in the situation, either economic or political, and with a positive set-back, at least so far as industry is concerned. Discontent and unrest have been deeper than ever and in the industrial sphere have found vent in general strikes affecting cotton and jute in Bombay and Calcutta, respectively, and sporadic disturbances at other centres. Figures are wanting which could give a full measure of the loss caused by such strikes to both employers and employed, but that it must have been considerable admits of little doubt.

There was a prompt settlement of the strike in Calcutta, and jute came out more or less unscathed. This was due to the prosperous condition of the industry which did not think it advantageous to prolong the strike and could well afford to make an adequate response to labour demands Things were quite different in Bombay, and with the best intention in the world, it could not emulate Calcutta in this respect. There the industry was, as it still is, on the verge of death. And in the absence of the necessary margin on which to draw, it continued to look with mixed feelings on the situation, with the result that the strike was unduly prolonged and broke down only when labour began to starve. But if there is no general strike for the moment, it does not mean that there is no discontent or unrest. A more correct reading of the situation perhaps is that the fire has not been extinguished, it is only smouldering.

There are aspects of the problem which my association with the inquiry into labour conditions precludes me from dealing with here. But this I will say that in so far as both capital and labour in an industry have the same complaint, *viz.*, mal-nutrition, traceable to the same cause, *viz.*, general depression in the country, the worst thing they can possibly do is to fight and try to annihilate each other. There is undoubtedly more than one factor making for unrest on the part of industrial labour. In the main, there is the sense of a new awakening, a growing desire to raise the standard of living. This is a hopeful sign. The pity, however, is that the fund, out of which all dividend is to come, is so small. Every national activity, and industry most of all, finds itself in the grip of a general depression, the source from which all evil flows; and it is no wonder there is so much discord and strife around us.

The desire of labour for a larger income or better conditions of life is quite legitimate and laudable. But how to find the wherewithal to meet their demand is a problem yet to be solved, and any deferment of the solution essentially means trouble of a most acute kind. The situation must, therefore, be faced boldly and sympathetically. True there are industries, like jute and tea, which have been enjoying, at least until recently, a run of prosperity, but then they derive their strength from a foreign source. All other industries which have necessarily to depend on the home market are in the throes of depression. In the circumstances, are they not right who contend that there can be no permanent and general improvement in the condition of labour unless there is all-round prosperity in the country ? There must be an increase in the purchasing power of the people and thus a greater demand for the service which industry renders, before there can be any real and lasting improvement in the condition of industrial labour.

Of that industrial prosperity, however, there are no signs on the horizon. Rather we seem to be losing ground even in fields from which we thought we could not be

ousted. I refer to the foreign inroads in recent years on our agricultural industry which is the mainstay of our population. The large imports of wheat and imports of rice from foreign countries during the last four years are a new, and I may add, an alarming phenomenon in the economic history of India. The question which many serious-minded persons have been asking themselves is, how is it that the Australian grower of wheat can undersell the Punjab peasant in the Indian market and wrest so much territory from him? If it be true, as some maintain, that the imports are due to increased consumption, how is it that the Indian cultivator cannot produce enough to meet the demand?

Let those who are best qualified for such an attempt try to find an answer to the question, and the larger question concerning the general depression from which India is suffering. While I am not sure of the precise answer, I am sure of the direction in which it can be found. Our fiscal policy does not suit our requirements and it is in this direction that the causes of our depression have to be traced.

India is a debtor country, with huge foreign liabilities, and one of her urgent and permanent needs is the maintenance of a large excess of exports over imports for discharging her annual obligations under this head, if for no other purpose. That being so, our fiscal policy should be one shaped in accordance with our peculiar needs and having for its key-stone the principle that Indian trade and industry and agriculture should be so fostered as to ensure a self-contained India in many directions and make it possible for us after meeting our own requirements to maintain a larger surplus of exports than what we are doing at present.

My own feeling and the feeling of a very large section of the Indian mercantile community is that our present fiscal policy does not answer that description; and it is therefore that the country is faring so ill. Our industries are anaemic because of want of proper nourishment and that nourishment cannot come so long as the people's purchasing power re-

mains at the present low level. A higher standard of life is certainly a great desideratum, and with the desire or ambition to attain it, we cannot but have the fullest sympathy; but how to realize it in view of our liablity to maintain a large and a regular favourable balance of trade, is a riddle yet to be solved. It could be solved, but not under the present fiscal policy of the Government.

I referred a little above to our huge foreign liabilities. I intend developing the point at some length in the hope that it will stimulate that interest in the subject which it so richly deserves. As it does not lend itself to a statistical treatment our blue-books take no notice of it. The ordinary publicist is aware of the existence of such liabilities, but about its implications not many seem to be much concerned. The time has come when those interested in the economic well-being of the country should look a little more closely into the matter and try to find out its bearings on our economic condition, both present and future.

I would make one thing clear at the outset. I have nothing to say for or against foreign liabilities as such. Any transaction, individual or national, must be judged on its own merits. To find out whether it has been useful or otherwise one has to look to the circumstances of the case and weigh the good against the evil. I would apply the same test to our foreign liabilities.

To my mind we can be said to have made a good bargain only if we have borrowed the money on our own terms and applied it for increasing the general productivity of the country. The transaction could be called a success from our standpoint, only if it established us after a time in a position not only to pay off the amount borrowed but also to build up a reserve which, after meeting our own capital requirements may be utilised for making investments abroad. Judged by this criterion, how do our liabilities stand ?

The first thing to be ascertained is their extent. The Associated Chambers of Commerce in their evidence before

the Simon Commission have assumed 1,000 million sterling as the total of British investments in India. This gives us a figure which we may take as the basis of our argument. It presumably includes the amount invested in Government loans. A good portion of it is no doubt the ordinary business investment; and it may be contended that it does not carry with it any liability to repay it so far as the country is concerned, because if the business is a success the investor gets his return and if it is a failure, he loses his money—still, the effect thereof on the economics of India is the same as, or similar to, that of the other foreign liabilities of the country. An equally good portion is invested in private loans, debentures, preference shares, etc., carrying a fixed interest; and for the payment of the debt represented by such investment, the country is directly responsible, or to make it clearer, the payment has to be made out of the national wealth. Calculated at 6 per cent. the annual rate of interest or return on the amount mentioned by the Associated Chambers comes to about 60 million sterling or about 80 crores of rupees.

There are other foreign liabilities, popularly known as Home Charges, to meet which there is an annual remittance to the Secretary of State of about 40 crores. Deducting from this about 17 crores, which represents interest paid on account of Government borrowings, for as presumably Government borrowings are already included in the figure of the Associated Chambers of Commerce, we cannot count the same liability twice, a balance of about 23 crores remains.

There are yet other payments against services, such as transport, insurance, professional work, etc., which increase our liability to a much larger figure. But I have deliberately omitted them because to acquire or not to acquire other people's services is a matter which could be said to rest entirely at our discretion. I have taken only those liabilities which we have definitely incurred and for the redemption of which we must make annual remittances. And if we took only the above mentioned two items, *viz.*, 80+23 crores, we have an annual liability for remittance abroad of about 100 crores.

I would invite the serious attention of all well-wishers of the country to the magnitude of the figure and the pace at which it is multiplying. In 1900-01 Government's total foreign borrowing amounted to about 200 crores. In 1929 it stood at 470 crores. In 1900 our Home Charges excluding Railway Charges and interest amounted to 10 crores; they are now about 19 crores and taken at the old rate of exchange about 22 crores. An estimate of total British investments in India up to and including 1910 put it at about 365 million sterling. The figure, as taken by the Associated Chambers, is now about 1,000 million sterling. I am no alarmist, but the issues involved are so momentous that I cannot help asking the country to take note of these figures and ponder over their significance.

A question to be considered in this connection is the way in which all this foreign capital came to be imported. The Associated Chambers in their representation throw no light on it. A layman who looks into our trade returns for the last 50 years does not come across any figures indicating a flow of capital from England or other foreign countries into India. He finds that India has maintained an excess of exports over imports all throughout, with the exception of a few years, and he naturally fails to understand how, in the absence of any excess of imports over exports the foreign investor came to be in possession of such a mammoth sum as 1,000 million sterling in India. The only inference he can draw is that the capital was not imported from outside but was earned and reinvested in the country itself from time to time.

In any case, the liability is there and it is daily growing. Every year the visible favourable balance of trade, which, it is true, shows a steady increase, is eaten up by the invisible imports represented by our obligations in this behalf. On an average the annual excess of exports over imports (private) during the period 1899-1900—1903-04 was about 30 crores, which sufficed for the necessary remittance. During the period 1923-24—1927-28, the corresponding balance has been about 67 crores, and yet we have had to experience difficulty

in managing remittances for what is called the "Home Charges". Even with such a large visible balance of trade in our favour, Government has had to decimate our currency reserves and contract currency in order to put funds at the disposal of the Secretary of State because of serious competition from private remitters who seem to have only lately taken to the practice of remitting abroad a good portion of their earnings which, in the past, they used to re-invest. Unless India has an unusually large balance of trade in her favour, the Government are likely to find the problem of Home remittances very perplexing indeed in the near future.

But the country must think of her own obligations and the way she is going to meet them. She has not felt the pinch so far, mainly because, as I said, the yield on British capital has found re-investment in India itself. India's case has been more or less analogous to that of an individual who can not pay even the interest on the money he has borrowed and has to borrow still further to enable him to do so. Liability can thus be postponed but cannot be extinguished. One day the account must be settled and the consequence of a policy of living on such borrowings faced.

Let us clearly understand what this means. It is a question of simple arithmetic how the paltry sum of a rupee invested at 12% compound interest becomes a lakh at the end of 100 years. At 6% compound interest, the principal is doubled in 12 years. Taking the total foreign investments to be about 1,000 million sterling and assuming that India may not be able to remit the annual return on the sum, it should be doubled by 1942 and quadrupled by 1954. It may not be pleasant to contemplate, but the indications at present are that we shall be stepping into the other half of this century with a crushing burden on our back of a huge liability and with it an annual commitment, to discharge which India must maintain an excess of exports over imports to an extent beyond our present means. The consequence of failure to maintain such large exports could be more easily imagined than described.

It may be said that a large portion of our borrowings has after all been invested in productive projects and therefore the prospect cannot be so gloomy. But is any appreciable benefit—which should be the logical consequence of such a situation—at all perceptible so far ? The argument advanced is that the country gets more from her productive investments than she has to pay for her borrowings. Such a situation must, as a matter of course, in respect of Government investments lighten the taxpayer's burden, and in respect of private investments increase the real national income. But has that happened ? It has not; because in the first place every so-called productive investment is not adding to the real national income, and secondly, whatever little benefit is derived from it is eaten up by the extravagant administrative expenditure. We are, therefore, in no way better off.

It is no consolation to hear that but for these productive investments, Government expenditure and consequently taxation would have further increased. Who could say that the so-called productive investments themselves have not been among the contributory causes of a top-heavy administration ? The matter, however, requires a much more detailed examination than I can attempt within the short time at my disposal. Whatever our corresponding investments in India, whether productive or unproductive, the fact remains that we are not in a position at present to meet our liabilities.

Instances could be cited of other countries which after a period of borrowings have either stopped borrowing entirely and begun to invest abroad or have reduced the volume of yearly borrowings and are gradually moving towards a stage like that of America which from being a debtor country has been able to convert herself into a creditor country. At the end of 1913, America, according to a reliable estimate, owed abroad $4,500,000,000 (net). A decade later, she was a net creditor nation for $3,500,000,000 apart from the $11,800,000,000 due from the Allies to the U. S. Govern-

ment. There has been a similar transformation in the case of Japan.

But what is our position? It is this. We are not in a position to-day to pay off our debts or even to discharge our annual liability. To talk of finding a surplus for investments abroad under the circumstances will be simply an absurdity. We have been having recourse to the foreign market for more than 70 years, and yet so little is our strength or stamina to-day that we cannot think of being able to stand without that crutch or do without fresh borrowing every year.

There are men who would have us believe that things are far otherwise and that Indian prosperity has been growing at a phenomenal pace. It has become the fashion in such quarters to pour ridicule on those who maintain a different proposition. I would rather risk such ridicule and be dubbed a Jeremiah than shut my eyes to the facts that stare me in the face.

If there are men who have exaggerated notions about the surplus that is being annually created and rendered available for investment in the country, I would only refer them to the daily experience of Indian trade and industry in this respect. The surplus could only come out of the savings of the people, and the grim reality is that they have not enough even for their daily needs. The realities of Indian life are that the masses are steeped in deep poverty, that they are finding taxation an unbearable burden, that their purchasing power shows no increase and that it is impossible to raise the standard of life even by a little, under the existing order of things.

Figures are marshalled at times to indicate India's growing prosperity when in reality they have no relevancy whatsoever. Exports or imports in which the masses are not interested as producers or consumers are no barometer of their prosperity. India's poverty is too hard a reality for all, and no statistics can succeed in putting a permanent

gloss on it or explaining it away. In the words of the Rt. Hon'ble Mr. Ramsay Macdonald, "the poverty of India is not an opinion, it is a fact."

What then is the solution ?

I am sure that all the schemes that may be devised in this connection must centre round one thing, and that is the increase of India's productivity. There is no room for economy or retrenchment so far as our standard of life is concerned. A large retrenchment could, and I submit, should be made in Government expenditure. This applies specially to the army department. In fairness to this country, a good portion of its military expenditure ought to be paid by Great Britain, as the army is partly maintained for Imperial purposes. To quote the present British Premier again, "nine-tenths of the charge of the Army in India is an Imperial charge. Canada, South Africa and Australia should bear it as much as India." But above everything else there is the urgent need of a substantial increase in India's production, and if we are not to head towards disaster, we must adapt our means to that end.

India is mainly an agricultural and partly an industrial country, and if we are to strive towards attaining a solvent position we must increase our production in both the directions.

The improvement of Indian agriculture has been the subject of an extensive enquiry in recent times, and we are aware of the deep interest taken in the subject by Your Excellency. The Report of the Royal Agricultural Commission points to several important directions in which reforms are needed, though there is general disappointment at the failure of the Commission to suggest any radical cure for India's agricultural ailment. Their failure, however, is to be ascribed chiefly to the handicap imposed on them by their terms of reference which were characterised by over-cautiousness bordering on timidity. In any case, the fact is deplorable, and I share the disappointment that the achievement

of the occasion was so poor as compared with its promise. I would not attempt any enumeration of the measures that are urgently required for putting Indian agriculture on a sound basis, for we all have a fairly good idea of them. What is required most of all is a comprehensive grasp of the problem and boldness in taking the initiative and carrying the needed measures through. The solution of the problem presented by Indian agriculture is a task of the highest statesmanship and we all expect Government to tackle it in that spirit.

Turning to the industrial side, one is struck by the want of co-relation between our pressing needs and the fiscal dispensation under which we live. I had the privilege of serving on the Fiscal Commission which was appointed to "examine with reference to all the interests concerned, the tariff policy of the Government of India." Five of us, including the President, wrote a minute of dissent differing in their conclusions from the majority, consisting of six, mainly because the main recommendation of the latter had been qualified by the condition that Protection should be applied with "descrimination along the lines of the Report." But even that halting recommendation about discriminating Protection is yet to become the guiding principle of the Commerce Department. In fact, if I may say so, the policy pursued during the last few years has been more in the nature of "discriminating Free Trade" than of "discriminating Protection."

Arguments which are utterly irrelevant are often employed to oppose the demand for full protection. One of them is the well-known plea that it is opposed to the consumers' interest. I cannot speak of the conditions in other countries, but in India at least the producer and the consumer are not such separate entities, living in water-tight compartments. Every cultivator here is both producer and consumer. Even to-day one-third of the cloth supply is the product of hand-looms and the producer and the consumer are practically the same. To give another instance, a large part of the gur and sugar annually consumed in India is

made in her cottages. Speaking of the vast mass of its population, one could really say that in India the functions of producer and consumer are, more often than not, combined in the same individual.

Indians recognised long ago the urgent necessity of giving Protection to their industries, and in the absence of any popular control over the fiscal policy, they had to content themselves with propaganda in favour of Swadeshi and for the boycott of foreign goods. It may be easy to misrepresent the motive of the Capitalist when he advocates Protection and to depict him as the arch-enemy of the consumer. But what about the Indian National Congress, which is certainly not a Capitalist organisation? That body at least can be expected to know what is in the consumer's interest and oppose all such demands as go against it. What does the popular propaganda for a boycott of foreign goods mean if not protection of the indigenous industry? India derived her first lessons in economics from British savants who were almost all free-traders and yet she could never bring herself to believe that she could do without Protection. Her fiscal faith is the result of the most mature deliberation on the subject and if she had her way, she would not stop short of giving that faith a concrete shape and form.

It may be permissible here to make a passing reference to the policy pursued by a country like America. So far as general prosperity is concerned, its condition is so different from ours. We are a debtor country and not at all solvent. America is a creditor country which has secured a very large part of the world's gold in recent years. But with all that she does not countenance any proposal of lowering her tariff wall. The world can only pay in kind, and America by keeping her tariff so high, is compelling it to sell its goods in the American market cheaper than it would otherwise have done. The world may fret and fume but America is not to be deflected from her course. The moral for India is plain. If full-fledged Protection is necessary for a credi-

tor country like America, it is all the more so for a country like ours, which is so heavily indebted and is almost floundering in the bog.

Unqualified Protection is India's primary need in her peculiar situation to-day. But I use the word in the most comprehensive sense. Tariffs or bounties are only a part of the policy which I advocate. I plead for Protection by every practical means to agriculture, industry, banking, insurance, marine transport— in fact to every branch of our economic activity. I wish every action of the Government to breathe a national policy, which might be summed up as 'India first and India last.'

I have tried to describe the situation as it is. The picture presented here is certainly not bright, but it is faithful to the reality. To put the whole thing in a nutshell, let me summarise our position, which is:—

(1) that we are a debtor country with large foreign liablities;

(2) that our present resources are not adequate for a due discharge of our obligations;

(3) that due to our failure to fully discharge our annual obligations, our liablity is increasing at a frightful pace;

(4) that unless we are to court disaster, the situation demands the maintenance of a large surplus of net exports to enable us to discharge our annual obligations and pay off, if possible, a portion of our debt;

(5) That the maintenance of such a surplus is only possible by giving impetus to our productivity; and

(6) that our present fiscal policy can never give the needed impetus to our productivity as it is not designed to that end.

The first thing to be done, if we are at all anxious to avoid all rocks and shoals ahead, is to give a new tack to our fiscal policy. I have placed before you a few suggestions and probably many more could be made. But the change which I advocate as the first essential of all progress is a change in our fiscal policy. We are all agreed that the fiscal policy which we have been pursuing so far is not in our best interests, but I go further and say that it is not calculated to promote even the interests of those who have made such large investments in the country.

Unfortunately that fact is not as well realised by them as it ought to be. Our friends of the British commercial community have so far been generally on the wrong side in matters affecting the country's prosperity. Their record from the time of the imposition of the Cotton Excise Duty to that of the deliberate appreciation of the exchange-rate, would attest the truth of this remark. Whenever they have had to make a choice, they have taken a narrow view of the matter, and have given their support to measures which were detrimental to the best interests of the country. In view of their past attitude I am constrained to address a few words to them in a friendly spirit and I hope they will not misunderstand me.

Men cannot gather figs of thistles, nor can creditors realise their dues from insolvents. A prosperous India alone can redeem her debt, and the policy to be followed in future should be one which makes for her prosperity at every turn. They owe it as much to themselves as to this country, to strive in co-operation with Indians for a new order of things. The legacy of the past, if allowed to become the model for the future, will never pay them. It will mean the forcing of a situation upon India, in which, with the best intention in the world, she cannot meet her obligations in full.

The present discontent in the country is almost wholly due to the miserable plight in which the people find themselves. The middle class population has to put up the hard-

est struggle possible to keep body and soul together and are amongst the worst victims of unemployment. The condition of the masses needs no recapitulation. They do not seem to be suffering from unemployment to a similar extent because their standard of living is so low that nothing could possibly be lower.

But things cannot remain as they are. The placid contentment of the masses is already disturbed. Even the worm at a certain stage begins to turn, and the dissatisfaction of the dumb millions unless its causes are removed, is bound to make itself felt one day. Let all concerned, therefore, reflect calmly and seriously on the subject and adopt in time a far-sighted policy so that the disaster may be averted or at least minimised.

A prosperous India means peace for the world; a famished India a grave menace to it.

I would now request Your Excellency to declare the procoedings of this meeting open. That you should have found time to accept our invitation in the midst of the legislative session is but one more proof of your deep interest in everything conducive to India's welfare. On behalf of the Federation and myself, I thank Your Excellency very warmly again. (Loud Applause).

His Excellency the Viceroy, in declaring the proceedings open delivered the following address:

President and Gentlemen,—

I would begin by thanking all the members of the Federation for the kind welcome they have given me, and in particular your President, Mr. Birla, for the terms in which he has given expression to it. I need scarcely say that it is a great pleasure to find myself once more taking part in the annual meeting of the Federation of Indian Chambers of Commerce and Industry, and I know that the

same pleasure is felt by the members of my Government, though the occasion has found them in the middle of a busy session of the Assembly and it has therefore been difficult for them to devote as much of their time as they would have wished to your proceedings.

I should like, gentlemen, to associate myself with what your President has said, deploring the death of Mr. B. F. Madon and Mr. Narottam Morarji. The industrial life of Bombay and of India, and perhaps more particularly those enterprises with which they were intimately concerned, have suffered a loss which they will find it hard to fill.

At the beginning of Mr. Birla's interesting address to which we have just had the pleasure of listening, he referred in appreciative terms to the admission of Indian firms to commercial organisations in London, and I would warmly echo the satisfaction he expressed. Such a spirit of co-operation between British and Indian commercial interests is essential to the further development of Indian commerce and industry, and I am glad that I should have been able to play some small part in this matter.

Your President went on to speak of the unsatisfactory position of trade in general throughout the country. A year ago there seemed to be good ground for hope that trade was definitely recovering from the depression it has felt since the Great War, for the figures both of imports and exports in 1928-29, as calculated on the basis of pre-war prices, was for the first time higher than the corresponding figures for 1913-14. Another interesting feature of the trade of the year 1928-29 was that it marked the return to what for all practical purposes may be described as pre-war conditions of the relative general level of prices of India's imports and exports. A discouraging sign of India's post-war trade was that, relative to pre-war prices, the general level of prices for imported articles was considerably higher than that for exported articles; in other words, India was paying more for her imports than she was getting for her exports. Index

Numbers prepared in the Department of Commercial Intelligence and Statistics show that in 1920-21 the general level of prices for imports stood at 237 and for exports at only 140 on the basis of 100 for both import and export prices in 1913-14. This represented a difference of 97 points—a difference which interfered considerably with the overseas trade of India. In 1924-25 the difference still stood at 26 points, but by 1928-29 it had fallen to only 6.

Unfortunately however although the position up to the end of the year 1928-29 gave good ground for sober optimism, the tide of progress has slackened, forces world-wide in character have exercised a depressing effect on trade in general, and the outlook for Indian trade and commerce is at present less favourable than it was a year ago. I can only express the fervent hope that the set-back will prove to be temporary, and that your Federation at its next meeting will be able to record a return to improved conditions of trade and commerce.

There is however one exception to the present somewhat unfavourable outlook. Recently conditions in the coal trade have exhibited a marked improvement and at present the industry is more prosperous than it has been for some years past. The success attained by the Coal Grading Board has probably contributed to this welcome change. The Board was constituted at the beginning of 1926 on the recommendation of Sir Frank Noyce's Committee, and since then the total shipments of coal from Kidderpore Docks for cargo and bunkers have risen steadily from $1\frac{1}{2}$ million tons in 1924-25 to nearly $3\frac{3}{4}$ million tons in 1928-29. It is hoped that the organisation created by the Indian Soft Coke Cess Act, which was passed during the last Simla Session of the Legislature, will also be of value to the coal industry. The Committee will be financed by a cess of 2 annas a ton on soft coke despatched by rail from collieries in Bengal and Bihar and Orissa, and will be charged with the promotion of the sale and improving the methods of the manufacture of soft coke.

I welcome the interest taken by your Federation in the development of an overseas trade organisation as indicated in one of the resolutions on your agenda dealing with the appointment of Trade Commissioners. It will interest you to know that a scheme has been prepared for the appointment of Indian Trade Commissioners at Hamburg, Milan, New York, Durban, Mombasa and Alexandria. As a corollary to the establishment of Trade Commissioners in Africa and the Near East, it is also proposed to appoint a Deputy Director of Commercial Intelligence at Bombay. For it is expected that the work of these Trade Commissioners will centre chiefly round the expansion of India's export trade in cotton piece-goods, and if we are to reap the full benefit of their labour, it is essential that we should have a Commercial Intelligence Officer at Bombay who will be in direct contact both with the exporting houses and the Trade Commissioners. I feel little doubt that this overseas trade organisation will be of material assistance in the development of India's export trade.

In this connection it is gratifying to know that the new India House is now nearing completion, and will I hope be opened in the early summer of this year. The offices of the High Commissioner for India are, as you know, at present situated in inadequate premises and in an inconvenient locality, and the new site in Aldwych, next to Bush House and not far from Australia House and within reasonable distance of the City, is a great improvement on the old arrangements. The new building provides, in addition to the usual office accommodation, a large show-room with exhibition windows for the Trade Commissioner's Department and a Bureau on the Aldwych front for the Railway Department. It is our hope that India House will be treated as a centre in London for visitors from India, and with this object in view it has been equipped with a good reference library and adequate facilities for reading and writing. A feature in which I was greatly interested when I visited the building in September last, is the use that has been made of Indian timber. It has been possible to provide for the dis-

play of a full range of Indian decorative woods by using them for the panelling and flooring of the more important rooms, and Indian utility timber has been used for all the ordinary joinary work. I think that there is every hope that this will have a very considerable advertising value, and will assist the efforts now being made to further the sale of Indian woods in European markets.

You may remember that on the last occasion on which I had the pleasure of addressing your Federation, I referred to the formation of an Indian Accountancy Board, and I hope that during the present session of the Assembly legislation may be passed to give effect to the scheme. The ultimate aim of Government is to build up in India an Associasion or Associations of Accountants of the same standing and reputation as the principal Institutes and Societies of Accountants in the United Kingdom, and it is hoped that the constitution of an Indian Accountancy Board will prepare the way for the establishment of an Association or Associations of this nature.

Another piece of legislation which must be of particular interest to commercial and shipping interests is the Indian Lighthouse Act which, with other legislation aimed at centralising the Mercantile Marine Administration, was brought into force from the last of April 1929. All general lights round the coasts of India are now under the direct control of the Government of India, assisted by a Lighthouse Advisory Committee consisting of representatives of Indian and British shipping and commercial interests. It has for some time been recognised that the lights along the west coast of India are not up to modern requirements, and the first fruits of the centralisation of the administration will be improvement in the lighting of this coast, including the provision of a light of the first order at Vengurla Rocks, an important turning point for ships voyaging along the west coast of India. I would take the opportunity here of acknowledging the great assistance which Government have received from the Advisory Committee both in the preliminary arrangements preceding the

introduction of the Act and in the administration of the Act since it came into force.

On the important question of the relations between employers and labour you have rightly felt, Mr. President, that your position as a member of the Royal Commission on Labour precluded you from dwelling at any length. It is satisfactory to know that in the prosecution of their task the Royal Commission, to whom we confidently look for guidance in helping towards the eradication of some of the causes of present discontent, should have the assistance of your experience and practical knowledge of Indian industrial conditions. If industry is to prosper, not only must labour be happy and contented, but the relations prevailing between employers and employed must be above suspicion. Workmen on their side must recognise the difficulties of their employers and realise that the most effective way of raising their own standards of living is to bring greater efficiency to the performance of their tasks. It is essential on the other hand that the employers should understand and sympathise with all the healthy aspirations of their employees, and should recognise as one of the first charges on industry the payment not merely of a minimum wage but of a wage which will enable a workman to take pride in his work and lead a life which is something fuller than the mere completion of his daily task in mill or workshop. In this way we may hope that the idea of opposition between the claims of employers and their labour will gradually be replaced by a sense of partnership and identity of interest which will ensure the further development and the greater prosperity of India's industry.

You have drawn a picture, Mr. President, of the Report of the Royal Commission on Agriculture which I think is perhaps unduly pessimistic. The statements we have received from Local Governments on the progress they have made in giving effect on the recommendations in that Report show that it has furnished a most valuable stimulus to agricultural development in all directions. The main lesson which the Report strove to impress upon India was that there is no short-

cut to the improvement of agricultural conditions in this country, and that this can only be attained by patient and co-ordinated research into the main problems, by steady development of agricultural propaganda and by the demonstration in the villages of improvements of established value. It also urged that a sustained effort should be made to assist cultivators to organise themselves for the betterment of their conditions of life. It was because the Commission realised the necessity for a comprehensive grasp of these questions that it recommended the establishment of an Imperial Council of Agricultural Research. That recommendation my Government immediately and whole-heartedly accepted. The Council has entered upon its duties with zeal, and it is a most hopeful augury for its future that it should be receiving as it is the warm co-operation of Provincial Governments in matters where Provincial experience and resources can be profitably pooled with those of the Government of India for the common good.

Another canvas you have painted in sombre colours today is that of the general financial situation in India. I do not propose to examine in detail the figures which Mr. Birla has put forward, but I would take this opportunity of correcting what I believe to be certain misapprehensions on his part. No one can deny that India has large foreign liabilities, but such foreign liabilities are no evidence of weakness in the financial position of a country in the early stages of development. With the assistance of imported capital India has acquired assets in the shape of railways, irrigation works, factories and other enterprises, of which the value is considerably in excess of her liabilities. I am convinced that, if it were possible to draw up a balance sheet exhibiting the financial condition of India, it would show that, as a result of the development which has taken place during the last hundred years, there is an enormous surplus of assets, representing the gain to India which has accrued on account of developments made possible by the use of foreign capital, I will mention only one fact to

indicate that the real resources of India are not so inadequate as has been suggested by your President. Since 1900 the value of India's net imports of gold has been nearly 400 million pounds and of silver 350 million pounds, and India is still importing gold at the rate of about 15 million pounds per annum and silver at the rate of 7½ million pounds. It is surely unreasonable to suggest that a country which has an enormous stock of gold and silver and which is still drawing gold and silver in considerable quantities from the rest of the world, is in so weak a financial position as to be unable to meet its foreign liabilities. In the President's view our failure to discharge our annual obligations is having the effect of causing India's debt to increase at an undesirable rate. So far as I can learn this conclusion is not supported by statistical data, and on all available evidence appears to be contrary to the actual facts. There is, I believe, no evidence that a large amount of capital is at present being brought into India by private agencies; in fact, the indications are that a certain amount of private capital is being exported. The external borrowings of Government were examined in detail by Sir George Schuster in his last budget speech in which he stated that during the six years ending the 31st March 1929 the Government capital expenditure abroad amounted to £60 millions, whereas the amount of foreign money which India had to raise to finance this expenditure amounted to £17 millions. In other words, the surplus resources available for meeting India's foreign liabilities amounted to £43 millions, and it was possible to invest this surplus in further enterprises which will increase the productivity of India. I would maintain therefore that the financial position of India is sound, and that there are no substantial grounds for the President's anxiety.

I would go further and appeal to all those who hold responsible public positions in India to endeavour to allay, rather than to use language which may have the effect of encouraging, feelings, of disquiet at a time when she especially needs the confidence of the rest of the world. It is right that Indians should strive to make their country, as it can be

made economically strong and independent. But I believe that the leaders of economic opinion in India can best do this, and can best encourage productive enterprise, not by exaggerating difficulties but by witnessing to the solid grounds which exist for reasonable optimism.

It remains only to declare your proceedings open. In doing so I thank you once more for having given me this opportunity of inaugurating your deliberations, and of assuring you again of the interest and concern with which I shall continue to watch the development of India's trade and commerce. (Applause).

Lala Shri Ram Vice-President of the Federation in moving a vote of thanks to His Excellency the Viceroy remarked :—

Your Excellency and Gentlemen, it is my happy privilege and pleasant duty to thank Your Excellency for having taken the trouble to come here and open the deliberations of this Federation. Gentlemen, as you all know, His Excellency is a very busy person, and that is all the more reason why we should be very grateful to him for the trouble he has taken in coming over here, but the time he has spent in opening our deliberations this year is well spent on a laudable object. This Federation is, I think, the most representative body of the commercial, industrial and economic interests of the country. Last year we had 29 bodies affiliated to the Federation, and this year we have 39, which shows that the Commercial Organisations in the country consider this institution as a really representative body. I hope some day this institution will be the only Federation representing the other Bodies in the country.

Your Excellency, I will not take much of your time except to request you to continue to take interest as you have done during the past two years,in our institution, and I would request you all, Gentlemen, to join me in thanking His Excellency by acclamation for the great trouble he has taken to come here for opening the deliberations of this Federation. (Applause).

AFTERNOON SESSION

February, 14, 1930. 4-0. P.M.

The President, Mr. G. D. Birla, M.L.A., was in the Chair.

Government Member Present:—

The Hon'ble Sir Bhupendra Nath Mitra, K.C.I.E.

Sir Frank Noyce, Kt., C.S.I., C.B.E., M.L.A., Secretary to the Government of India, Department of Education, Health and Lands.

Mr. R. K. Sidhwa : (Karachi Indian Merchants' Association):

Mr. President,

Before you proceed with the business of the day I have to bring to your notice the fact that several important resolutions sent by the Karachi Indian Merchants Association have not been inserted on the agenda. One of the most important resolutions is in connection with the Karachi-Bombay broad gauge Railway. This matter becomes of a paramount importance and urgency particularly in view of a proposal by the Jodhpur Darbar to allow them to construct metre gauge Railway from Balotra to Palanpur. This proposal if accepted by the Railway Board would mean a set-back on the policy already adopted by the Government of taking away all private-owned railways. Moreover we are strongly opposed to any kind of metre gauge railways on this section. I shall therefore seek your permission to allow me to move this resolution.

The President: I may inform the members that we had about 72 Resolutions sent in by various bodies and in view of the limited time which we had, we had to make selection. The executive committee selected about 20 resolutions which they thought were more important. If time permits after all the Resoluions have been disposed of and if the House will permit me, I have no objection to accepting the Resolution suggested by

Mr. Sidhwa. But I am afraid we shall have no time because there are already 20 Resolutions and I think we should deem ourselves to be fortunate if we could discuss all of them. However, as I have said, if the Reslutions are disposed of by to-morrow evening and if the House permits I will have no objection to taking up Mr. Sidhwa's Resolution.

Death of Mr. B. F. Madon.

The President : We will now start the proceedings. Resolutions Nos. 1 and 2 have to be moved from the Chair. I move No. 1 :

"The Federation records with great grief the irreparable loss the commercial community has suffered owing to the sudden death of Mr. B. F. Madon, who has rendered very valuable services to the Federation since its inception."

The Resolution was passed unanimously, the House standing.

Death of Mr. Narottam Morarji.

The President : The other Resolution is about the late Mr. Narottam Morarji :

"The Federation puts on record its sense of great loss to the commercial community caused by the sudden death of Mr. Narottam Morarji who has rendered very valuable services to the conntry in the development of her shipping industry."

I would ask the House to pass the Resolution standing.

The Resolution was passed unanimously, the House standing.

Stores-Purchase Rules.

The President : There is another Resolution which has to be moved from the Chair and that is Resolution No. 5 about Stores-Purchase Rules :

"The Federation deplores the halting and ineffective attitude of Government with regard to the full and final adoption of the Rupee tender system, and urges that the Indian Stores Department, London, should be made a branch of the Indian Stores Department and be controlled from India and all purchases of imported materials should be made through the Indian Stores Department."

This Resolution has to be moved from the Chair and no discussion is therefore necessary.

The Resolution was passed unanimously.

Mr. B. Das (B. & O. Chamber): I thought the Member for Industries will reply to that Resolution.

The President: I do not think that was the intention. We have not informed the Honourable Member that he would have to reply.

Inland Waterways.

The President: There is another Resolution which has to be moved from the Chair and that is No. 6 about Inland Waterways:

"(a) The Federation strongly urges upon the Government to institute a thorough and comprehensive enquiry into the question of the development of Inland waterways with a view to the formulation of a national policy for encouraging inland water transport.

"(b) That in view of the difficulties experienced by purely Indian companies in the matter of internal river traffic, some measure like the licensing system recommended by the Indian Mercantile Committee for the reservation of the coastal trade in India for Indian vessels with a view to develop indigenous shipping by gradual elimination of non-Indian vessels, be adopted to safeguard the interests of inland water service in the province of India."

The Resolution was carried unanimously.

The President: I now call upon Mr. Bagaria to move Resolution No. 8 about jute—standardisation of quality.

Jute—Standardisation of Quality.

Mr. H. P. Bagaria: (East India Jute Association, Calcutta), in moving the following resolution said:

"In the opinion of the Federation the absence of definite standards of quality for dealings in jute is very harmful to the interests of the jute cultivators and to the large body of merchants engaged in the jute trade. The Federation, therefore, requests the Government of India to take early steps to bring about the establishment of a Jute Grading Board on the lines of the Philippine Grading Board for hemp."

Mr. President and Gentlemen: At the last annual meeting of this Federation held in Calcutta we passed a Resolution about the appointment of a central committee for jute. Speaking on that Resolution I described the useful work that this committee could do if it was properly constituted. In describing that useful work I mentioned at some length the question of jute standards, rather, the absence of them. You know, Gentlemen, that owing to the absence of definite standards of quality of jute in jute the buyers are able to manipulate the quality that has to be tendered against contracts in such a way that they force sellers to deliver something which was not intended to be delivered at the time the contracts are entered into. I explained at the last session how by such manipulations the buyers are able to bring about an imperceptible fall in the price of jute, which means a loss of several crores of rupees per annum, both to the jute merchants engaged in the trade and to the jute cultivators. It is not my intention to-day to describe at any length the nature and extent of the malady that affects the jute trade as there is already a general appreciation thereof. What I am concerned

with to-day is the remedy. Whenever transanctions are entered into on the basis of spot delivery on the basis of a sample, the question of standards does not arise. The goods are there and the buyers can inspect the quality at the time the transaction is entered into.

But when a transaction for a forward delivery is entered into it is absolutely essential that the various grades under which a commodity is dealt in should be clearly defined and such definitions should not be subject to change by either the buyers or the sellers unless mutually agreed upon. In all important trades of the world, such grades and their definitions are clearly mentioned either in the contracts or in the rules and regulations of the various associations which control such transactions. Jute is the only commodity in which such definitions of grades do not exist and we are to remember, gentlemen, that jute is the greatest item in the export trade of India. Last year we exported about 90 crores worth of jute and jute goods. Now, owing to the prevalence of a state of affairs, where in various grades are not clearly defined, the sellers are entirely at the mercy of the buyers. It may be argued that when no definitions exist, it is not necessary that sellers be at the mercy of the buyers, it is quite possible and likely that buyers are as well at the mercy of the sellers. Theoretically speaking it is quite possible but when we take into consideration the fact that the consumers of jute are very strongly organised as the entire buying is done by a few firms who have organised themselves so strongly that they can force the sellers to sell their jute to them on their own terms, the helplessness of the sellers can be easily realised. It may be asked where is the necessity of asking for legislation. Why not organise the sellers so that they may force the buyers to buy their jute on more reasonable terms. Owing to the fact that the jute crop is moved not by a few individuals but by a host of merchants whose number is thousands; it is almost an impossible task. Inspite of the impossibility of the task the Indian jute merchants tried to organise themselves but with

disastrous results. The only body in Calcutta which used to represent the jute importers there was the Calcultta Jute Dealers Association. That body excluded Indians from its membership. The Indian merchants approached that body several times to take up this question of jute standards because owing to the absence of standards they were suffering heavy losses year by year and as a result many firms were going out of business.

The Calcutta Jute Dealers Association, which consists of either the European Jute Brokers who depend for their living on the sweet will of the Jute Mills or the European Jute Importers who get certain advantages at the hands of the European Jute Mills, who were afraid to incur the displeasure of the European Jute Mills, did not adopt a strong attitude over this question. They passed a Resolution or two and wrote a few letters but did not take up this very important question in right earnest. The Indian merchants who were the worst sufferers, therefore, tried to organise themselves. They formed an Association called the Bengal Jute Dealers Association. They approached the Indian Jute Mills Association with the request that the various grades of jute be clearly defined. They did not mind what the definitions were but what they wanted was that they should be clearly defined and should not be subject to a change during the middle of the season. The Indian Jute Mills Association refused to accede to this very reasonable request although sixty per cent of the total membership of the Indian Jute Mills Association were in favour of the proposal. The Indian merchants therefore decided that they would sell only to such Mills as were prepared to buy on a more reasonable basis, *i.e.*, on the basis of warp and weft guarantees. But the European Jute Importers, who all the time were expressing their sympathy for these proposals, refused to cooperate with the Indian merchants, with the result that business was gradually going into the hands of the European merchants. The Indian merchants were forced with the alternative of losing the business entirely or doing it on the

buyers' terms. The Indian Jute Mills' Association resented this attempt at organisation. They wanted to teach the Indian merchants a lesson for having dared to organsie themselves. They started paying 4 annas to 8 annas per maund higher for jute sold by Europeans. They would not touch Indian jute at all unless there were no European merchants in the market as sellers. As a result of this policy since this agitation was started by the Bengal Jute Dealers' Association the business done by the Indian merchants has shrunk considerably.

Gentlemen, ever since the introduction of the Coastal Reservation Bill by Mr. Haji, the words. 'racial discrimination' have been dinned into our years in season and out of season. If The European Managing Agents of the Calcutta Jute Mills pay 8 annas per maund higher for the jute sold by European merchants and refuse to sell their goods to Indian firms or if the European Jute Mills refuse to allow Indian brokers to call upon them or, if the European shippers of Jute goods refuse to buy goods manufactured by Indian Mills, to prove the truth of the statement I can show to the Honourable the Commerce Member, if he cares to see, thousands and thousands of contracts wherein it is specifically mentioned that goods might be delivered from any Mills barring Indian Mills, we do not know how we can describe this action. We have to thank the authors of the phrase 'racial discrimination' and ask them to explain to us as to what is 'racial discrimination' if this action of the Calcutta Jute Mills is not 'racial discrimination'.

To come back again to the question of standards, it might be useful to examine here what other countries have done for the protection of the interests of their cultivators. Cotton, jute, hemp and wool are some of the most important textile fabrics of the world. The United States of America are the most important growers of cotton. They have, in order to protect the interests of the cotton cultivators, passed a Cotton Standards Act, whereby they have made it

a penal offence for any subject of the States to deal in cotton except on standards fixed by the Act. In Australia, which is the biggest producer of wool, practically the whole crop is sold on sample and therefore the question of standards does not arise there. With regard to hemp, the Phillipine Islands are the biggest producers. They have passed an Act whereby they have set up a Hemp Classification Board and no hemp can leave the shores of the Islands without being classified by that Board, and the foreign buyers are compelled to accept that classification. They cannot extract heavy allowances from the sellers when the market goes against them. You will be interested to learn that in some countries such allowances are called slump allowances. When the price of the commodity goes down, the buyers, even without seeing the goods, claim arbitration and as the arbitration is always one-sided, we have to pay heavy allowances. But the Phillipine Islands have protected the interests of their merchants by passing an Act whereby they have set up a Board which classifies the whole of the hemp that leaves those Islands. Whenever proposals are put forth in Calcutta for defining the various grades of jute, the wiseacres of Clive Street gravely shake their heads and say oh! jute is not cotton, jute is not hemp and it is very difficult to fix definite standards for the various qualities of jute. The Phillipine Islands hemp is a fibre very much similar to our jute and when they have been able to devise a measure whereby they can classify their produce, I see no reason why our jute cannot be similarly classified.

Sir, it is said that jute is a monopoly of India, but are we utilising that position of monopoly to secure any advantage for the cultivator or for the merchants of India? I can say without the least hesitation that we are not doing so. And who is responsible for this state of things? I say that the Government of the country is responsible for it. Whenever we put forth any demands for getting political rights from our British masters, they reply that they are the trustees of the masses and therefore they maintain they

have sacred duties to discharge. Even assuming that by some divine mission, they are the trustees of the dumb millions of India, may we ask them the question as to how they are discharging their trust? Are they discharging their trust by neglecting the interests of the cultivators whereby the consumers of jute can buy jute from the cultivators on terms most advantageous to the buyers? I wonder if the Members of the Government of India have the faintest idea of the difficulties and inconveniences and hardships of an acute nature to which a jute cultivator is subjected in growing his produce. The whole of Bengal is during the jute selling season reduced to a miasma from which a horrible stench emanates and pervades the atmosphere of the villages. The poor cultivator has to work in waist deep water though possibly suffering as is often the case from the ravages of malaria for the prevalence of which Bengal is notorious and for which the cultivator of jute too is partly responsible. I suggest the Honourable the Commerce Member and the Honourable the Member for Agriculture should pay a visit to the jute districts during the next jute season and I am quite sure, if they once visit the jute districts, they would be the first to support the measure that is urged by this Federation, which is calculated to ensure a better return to the cultivators.

With these words, Gentlemen, I move the Resolution that stands against my name.

Mr. R. L. Nopany (*Bengal Jute Dealers' Association, Calcutta*): Mr. President, Mr. Bagaria has put the Resolution in such a descriptive language that it requires very little to say anything more on the Resolution. He has described the pitiful condition of the cultivator and the poor return he gets. He has already explained the difficulties which the Indian loose jute sellers have to experience for want of a standard.

Now, I will say a few words for the Baled jute trade. Sir, probably you are aware that there are different grades in

Baled jute trade. The buyers may call these as different standards but as a matter of fact there is no specification of this standard and therefore there is no standard. Till the year 1906 or 1907 there was no Home Guarantee for Baled jute and the stuppers used to buy without any guarantee. Gradually the importance of jute began to be felt and the tendency of speculative business came in. This speculative tendency made the overseas buyers to organise themselves to buy jute on more stringent terms. The stuppers here in their turn in a state of buying jute without any guarantee asked from the sellers to give guarantee for the quality till the jute arrives on the port of destination. Now, all jute is being sold guaranteeing the quality at the port of destination which is called in business terms as 'Home guarantee basis'! But that quality is never defined. The London Jute Association looks after the arbitration of all the parcels consigned from India. It will be surprising to know that if the jute does not arrive at the port of distination, even then the buyers call the arbitration. The procedure of arbitration at London is all one-sided. No arbitrators are appointed by the parties to the contract, but it is the London Jute Association who have a special panel of selected persons and they act as arbitrators. These persons are all connected whith the buyers and the sellers have no representatives there. In view of these circumstances I support this Resolution and hope that it will be accepted by the Government.

The President: Gentlemen, we had hoped that the Honourable Member for Agriculture would be able to take part in our proceedings and give reply to the remarks which have been made. But unfortunately I have just heard that he is not well and therefore I have asked Sir Frank Noyce to reply to the observations which have been made. He has been kind enough to accept the invitation and therefore I call upon him to speak.

Sir Frank Noyce: (Secretary to the Government of India, Department of Education, Health and Lands):

Gentlemen, I should like to repeat the apolgy which Mr. Birla has made on behalf of Sir Mohammad Habibullah for his unavoidable absence this afternoon. I have come here this afternoon in the guise of a learner. If the subject had been coal or cotton, I might have been able to speak with far more knowledge than I can of jute, a commodity with which I have so far not been brought into any intimate relations. I had hoped to hear from the Mover and the seconder of this Resolution what bearing it has exactly on the formation of the Central Jute Committee. An important step has been taken since you last met in that the Government of India have expressed their willingness to accept the recommendation of the Royal Commission on Agriculture that a Central Jute Committee should be formed somewhat on the lines of the Indian Central Cotton Committee to watch over the interests of all those concerned in jute from the field to the factory. They have also expressed their willingness to find the money to finance that Committee by reducing the export duty on jute and replacing it by a small cess. They have asked the three Local Governments concerned-the Governments of Bengal, Bihar and Orissa and Assam-not only for their own views but also to obtain ths views of the commercial and other bodies interested in these proposals and to submit them to the Government at an early date. That letter went out last June. I earnestly trust that the absence of any reference to it by the Mover and the Seconder of this Resolution does not mean that it has not yet filtered down to the Association which they represent here.

As I said, I had hoped to hear what the exact relationship of this question of jute grading would be to the formation of the Central Jute Committee. It seems to me speaking entirely from the point of view of an outsider that it would be one of the questions which the Central Jute Committee would take up immediately it is formed. That is the position of the Government at present. I should like to know what the views of the Mover and the Seconder are in regard to that question.

The President. You want the mover to enlighten you more on that point.

Sir Frank Noyce: I would like him to say what the relationship of this question of jute grading would be to the formation of the Central Jute Committee when it is formed and whether it is his view that that Committee should deal with it.

Mr. H. P. Bagaria: Sir, about six months back we heard that the Government of India have decided to appoint a Central Jute Committee but as no action has been taken by the Government so far we apprehend that perhaps like so many other measures initiated with the intention of promoting the interests of the agriculturists and the general traders, this question also has been relegated to the archives of Government, only to be dug up at a more convenient opportunity. There is also some suspicion in the minds of the Indian commercial community in Calcutta, that since the resolution passed by this Federation at its last session, about the formation of this Committee the European section of the jute trade in Calcutta is opposed to the formation of such a Committee and it is apprehended that the Government of India in view of that opposition, perhaps, may not appoint that Committee at all.

Sir Frank Noyce: I am very glad to hear what the position is. I can assure the Honourable Member that we have not yet got the views of the Local Governments or of the commercial communities and that when we get them, they will receive very careful consideration on the part of Government. I have no doubt that the two associations which the Honourable Member represents have raised this point in their representation and that we shall get the fullest particulars in regard to it in due course.

The President: I will now put the Resolution to the House.

The resolution was passed unanimously.

The President: Before I call upon Mr. Jadunath Roy to move Resolution No. 7, I should like to make a few suggestions in regard to the time limit. We have to dispose of about 20 Resolutions in the course of 1½ days, and with the permissiou of the House, I may say that except in one or two cases where it is essential to give more time, ordinarily the time limit will be ten minutes for the proposer and five minutes for the seconder. If the House thinks it suitable, I propose to adopt the same. I now call upon Mr. Jadunath Roy to move Resolution No. 7.

XIII SESSION OF THE INTERNATIONAL LABOUR CONFERENCE.

Mr. Jadunath Roy (Bengal National Chamber of Commerce, Calcutta):

Sir I move the Resolution that stands in my name and which runs as follows :—

"(i) The Federation notes with regret that the Government of India appointed a non-National as Advisor to the Indian Employers' Delegate for the 13th International Labour Conference held at Geneva, and lodges its emphatic protest against the said appointment and trusts that in future only Indian Nationals will be chosen to represent the Indian Employers at such Conference.

(ii) The Federation notes with regret the statement made on behalf of the Government of India to the 13th Session of the International Labour Conference that negotiations with Indian and non-Indian commercial bodies were conducted to arrive at an amicable settlement on the question of the constitution of the Indian Employers' Delegation to the International Labour Conference, as according to the Treaty of Versailles non-Nationals are not entitled to representation at such Conferences."

Sir, I feel that very few words of mine are required to commend this resolution to this meeting. The subject is one which has been fully discussed recently in the public press and platforms in India. The matter is one of the greatest national importance and in selecting delegate and his advisors the Government of India should make the

selection from purely representative Indian marcantile bodies. Whatever unfortunatly the state of affairs at home-are India as a State Member of the League of Nations has the same status, rights and privileges as any independent State or any virtual independent Dominion. The method adopted by the Government of India in the selection of a non-National in the composition of the last delegation to Geneva was that the non-national was merely sent as an Advisor and this was in flagrant contradiction of the terms of the Treaty of Versailles under which the delegations were constituted. It does not require many words from me to convince you that great importance is attached at Geneva to a country being represented by its nationals only and it is because some Governments are in the habit of going counter to the fundamental principle that there is the Credentials Committee in Geneva to examine the validity of the credentials of members of different delegations. It is to this committee that is entrusted the task of verification of the credetials. It is no doubt true that in the case of a country like India the Credentials Committee is to come to conclusions at a distance of thousands of miles and the greater is the reason for utter scrupulousness being observed by the parties concerned when they forward their point of view before the Credentials Committee. It is therefore very regrettable that a delegate of the Government of India should have thought it fit to inform the Credentials Committee that negotiations with Indian and non-Indian commercial bodies were being conducted to arrive at an amicable settlement on the question of the constitution of Indian Employers' delegations as if the non-Indian commercial bodies had any right whatsoever to be consulted in a matter, which has been definitely kept within the province of the nationals only. At least in so far as our national representation at Geneva is concerned, there can be no question of a give and take policy because it is a matter of the exercise of our right which even if we will, we cannot share with others, Sir, I move the Resolution standing in my name.

The President: Mr. Haji has given notice of an amendment and therefore before I ask the seconder to second this Resolution, I will ask Mr. Haji to move his amendment.

Mr. Sarabhai Nemchand Haji: (Indian National Steamship Owners' Association, Bombay) :—I beg to move :

The following be added to the Resolution.

"Regarding the decision of the Credentials Committee of the Thirteen International Labour Conference on the question of the invalidity of the nomination of non-national as advisor of the Indian Employers' Delegate revised by the Indian Employers' organisations, the Federation feels that the Credentials Committee were mainly influenced in their decision by the information supplied to them by the Goverment delegate and the Federation trusts that suitable modifications of this decision will be made when correct information comes into the possession of the Credentials Committee."

Sir, before going into the details with which my amendment is concerned, I should like to say just one word with reference to the main reason which has forced me to move this amendment at this stage. I shoud like very strongly to voice the feeling of my Honourable friend from Karachi who referred at the outset to the method by which the sifting of the Resolution and the changing its terminology is effected and the serious objection to which this procedure is open from the point of view of the members of this Federation. Here is an important question to which reference has been made and the attention of this House drawn by such important bodies as the Indian Chamber of Commerce in Great Britian, the Maharashtra Chamber of Commerce, the Indian Chamber of Commerce, Calcutta and the Indian Merchants' Chamber, Bombay. These bodies particularly, the London and the Maharashtra and the Calcutta Chambers of Commerce want that our Resolution should refer not merely to what the Government of India have done but what the Government delegate has said in Geneva. I quite see that my Honourable friend Mr. Roy's resolution deals with one of these points, but I suggest that in conso-

nance with what has been recommended by one or two Chambers that considered this question, it is the business of this House that the Federation should enter a strong and emphatic protest on the point as well. We should try and get in touch with the Credentials Committee and the Geneva organisation to show them how the powers of representation given to national India by the International Labour Conference working under the auspices of the League of Nations are being abused by the Government of India working under the control of the Secretary of State in the interests of British vested interests in this country. The point is very important because as you unfortunately find in this particular case under discussion, the presence of a representative of British vested shipping interest in India as an Advisor has resulted in Indian employers being represented at Geneva as being hostile to the reduction of the hours of work of seamen. The report of the Indian delegation of which I believe various Chambers of Commerce have been provided with a copy makes it clear that in spite of definite instructions from my friend the Employers' Delegate, Mr. Roy to Mr. Brown, instructions which Mr. Brown as an Advisor was in duty under compulsion to carry out fully, in spite of the instructions of Mr. Roy that he should not oppose the limitation of hours of work of seamen, Mr. Brown representing the Indian employers has opposed such limitation. I should certainly like to say that this conduct of his is bound to recoil upon the heads of Indian employers organisations. If this mistake was of our own making, we would have to stew in the juice of our own manufacture but here is a foreigner representing a foreign company sent by foreign associations at the instance of a foreign Government to represent our interests in the country, acting contrary to our wishes, and here is a definite legal treaty, an important right of India which is being abused to our detriment. That is, Sir, why I feel that it is not a matter which ought to be allowed to rest with mere protests being conveyed to the Honourable gentleman who represents the Government of

India here. I say, Sir, that the stage has arrived when in addition to our protests at the time of the Geneva Labour Conference we should invite the attention of the Geneva Credentials Committee and of the International Labour and Employers Organisations directly as to the kind of work which the Government of India, against their wish, I am prepared to believe, are made to do in the interests of foreign vested interests in this country. My friend Mr. Roy in the second part of the resolution drew attention to the incorrect statement made about the negotiations. And mind you, gentlemen, this statement, in the opinion of our Federation was the one which misled the Credentials Committee. The statement was that the Government of India had been conducting negotiations with British and Indian Chambers of Commerce in India with a view to arrive at a compromise. Remember, gentlemen, that those august bodies of the International Labour Conference and this Credentials Committee are sitting about 6,000 miles away. Here is a representative of our Government who goes and tells them that on the whole things are not really so bad, that these people have got into the habit of protesting and really speaking, that Government has been trying to bring about a compromise, and we hope the compromise would soon be forthcoming. A compromise on what ? A compromise to give away the rights of India ? How can there be a compromise between the British Chambers of Commerce in this country and Indian Chambers of Commerce ? The Treaty of Versailles does not say that everybody who is running a mill or a factory or a shipping concern in India is to have the right to send a man to Geneva. The Treaty of Versailles says that the most representative bodies will go and as the International Labour Conference and the Credentials Committee are working under the League of Nations, I need not say that those most representative institutions have got to be national in character. Now, another misleading statement that was put before the Credentials Committee was this, that there are some bodies which have got common Indian and European representatives. It is no doubt true that there are these bodies but the im-

pression sought to be conveyed was that the Indian representation was fairly high in these bodies which have common memberships. Sir, what are the facts? I have made a short statistical table from the existing list of the membership of these bodies which indicates that with regard to the Bengal Chamber which has got 243 members, 11 are Indian and 232 are European.-I beg your pardon, they are not European only; they are foreigners in the sense of European, Japanese and I suppose Armenian and Turkish and all the rest of them. In the Bombay Chamber the total membership is 165 of which 153 are foreign and 12 Indian. Karachi Chamber total 82 of which 73 are foreign and 9 Indian; Madras Chamber, total 58, of which 56 are foreign and 2 Indian: Upper India total 66 of which foreign 52 and Indian 14; Northern India, total 57, of which foreign are 43 and Indian, 14. For Burma I am afraid I have not been able to get the figures. But there is one Chamber in the whole of India, the Punjab Chamber, where I believe the representation of Indian and European is half and half. That is perhaps the only body in connection with which the Government representative would have been justified in saying that there is common representation; but to say that there are bodies in India which have got common partnership between Indian and European and thereby to give an impression, and this before a very honest and judical tribunal, that the Government of India are trying to evolve a procedure which will bring about contentment among the Indian employers' organisations, is to say the least, most misleading. And Sir, it is the purpose of my amendment to convey this fact to the Credential Committee that the Government delegate conveyed a wrong impression and that we trust that when they are put in possession of all the facts that are stated here they will change their opinion in due course. Of course I know what is passed is passed and that cannot be remedied. But I want not only the Government of India but also Geneva to be informed that the Indian employers' organisations in this country are in no mood to have their rights trifled with any longer.

Sir, I move the amendment of which I have given notice.

Mr. Hooseinbhoy A. Laljee (*Indian Merchants' Chamber, Bombay*):

Sir, I wish to second the proposition and not the amendment.

The President: You make your own position clear.

Mr. B. Das (*B. O. Chamber*): Sir, I second the amendment of Mr. Haji and I should like to speak a few words on it. Mr. Haji has told us his painful experience at the Credentials Committee at Geneva. I do not mind the Government of India backing up the Europeans as nationals, but whenever a European merchant gets naturalised then he can be taken as an Indian national and then alone he can represent India. But the Indian merchants will never allow European birds of passage doing trade and commerce here to represent India. Sir it was my painful experience also to see that the representative of the Government of India at Geneva tried to boss the representatives of the capitalists and labour interests. It was always the case that the representatives of the Employer and labour would speak first and then the Government of India representative would talk as if he was the boss of the whole situation and those who represented the people of India had no chance to reply to the Government of India representative. I sympathise with Mr. Haji because I have got the same painful experience in other places also. I am surprised that the Government of India is backing the Europeans as nationals. Let the Government of India be honest at least to ask them to be naturalised and settle down in India and then we can accept them as our representatives.

One more point, and I find that Mr. Haji and Mr. Sidhwa have both alluded to that. I find that a certain Resolution has been adopted by the Executive Committee. You, Sir, in your speech referred to the

Indian National Congress. Those of us who are members of the A. I. C. C. resolve ourselves into the Subjects Committee of the Indian National Congress. I would suggest that those of us who are representatives here can resolve ourselves into a Subjects Committee so that controversial amendments like that of Mr. Haji can be put in as the main Resolution without its being put forward as an amendment later on. I put it for consideration of the Executive Committee whether they will see their way in future years to place all-India representatives on the Subjects Committee of the Federation.

With these remarks I support the amendment.

Mr. *Hooseinbhoy A. Laljee* (Indian Merchants' Chamber, Bombay): Mr. President and Gentlemen, I am much obliged to my friend Mr. Haji for really putting up the case as a seconder of this resolution, and a lot of which I should have said is stated correctly in spite of his amendment. Now the only question left is that he wants the remaining portion of the Resolution which was turned down by the Excutive Committee to be reinstated. With regard to that we have first to consider that our fight should first be with our Government. No doubt in this case our Government has made a mistake and further more, it is quite clear that the gentleman who represented Indian Government at the Credentials Committee gave an impression that the Indian Chambers were being consulted on this question. So far as my Chamber is concerned we have had correspondence with the Government of India and they stated clearly that our Indian Chamber was never consulted. So far as the enquiries I have made with regard to the other Chambers show, the negotiation that was stated to be going on between Government and the employers or the Chambers was only a casual talk with one or two members belonging to one or the other Chamber. If that was the impression created by the representative of the Government of India before the Credentials Committee and if that were the fact which really influenced the Credentials Committee to validate the nomination of

Mr. Brown, then I should certainly say that we should be justified in passing the amendment of my friend Mr. Haji. We have every reason to believe that those arguments must have led them to validate the nomination of Mr. Brown, but we have not got the facts as clearly as we should desire; and therefore I think the Executive Committee did not desire to put in the last paragraph. The words mentioned in Mr. Haji's amendment are:

> **"The Federation feels that the Credentials Committee were mainly influenced in their decision by the information supplied to them by the Government delegate."**

If it can be proved that this was a fact I will have no objection to accept the amendment. But as I said just now, we have not got these facts on which we can really say that this was a fact.

Mr. S. N. Haji: Then get those facts.

Mr. H. A. Laljee: We have tried to find out whether the Credentials Committee were led to their decision by this very statement. We have not got anything on the record from the Credentials Committee and as such I should not like to criticise any action of the International Labour Conference in this way. If I had I would certainly insist upon it.

Mr. S. N. Haji: Sir, may I ask a question with your permission ? Is it a fact that our delegation including Mr. Jadu Nath Roy, Mr. Master and Mr. Fakirjee all asked us immediately to repudiate the statement as soon as it was made in Geneva, and is it not also stated in the report of our delegation submitted to the different bodies that this false impression was created ?

Mr. H. A. Laljee: The point is that you did repudiate and we agreed to that. But how are you going to justify the statement that that influenced the Committee ? Have yau anything to show that that very statement influenced the Committee ? I do believe that two and two make

four but at the present moment we are not dealing with the International Labour Conference but with our own Government. I agree with your contention that the appointment of Mr. Brown by the Government was against the views of the representative Indian bodies and we wanted Government to send out persons who were really nationals. Now, Sir, one important point to which I would certainly like to draw the attention of the Government is that they should in futnre be very careful when making nominations to the International Conference or any other body on which Indian nationals are represented to make sure that the opinion of the Indian nationals is indeed taken and not of those bodies which have got interests sometimes almost diverse to the interests of India.

With these words I support the amendment.

The President: Before I request Sir Bhupendra Nath Mitra on your behalf tq make his observations on this Resolution I might tell you that this amendment was considered by the Executive Committee and as you have already seen, there are two views about the subject. Therefore, after Sir Bhupendra Nath Mitra has replied I would with your premission ask Sir Purshotamdas Thakurdas to place before you the views of the Committee and then we can put the Resolution to the vote. Meanwhile I would request Sir Bhupendra Nath Mitra to reply.

Mr. S. N. Haji: Sir, on a point of order. Would it not facilitate the work of the Government Member if Sir Purshotamdas Thakurdas put before the House the views of the Executive Committee before Sir Bhupendra Nath Mitra speaks, so that he also may know what exactly we are after ?

The President: I do not think it concerns at all the Government Member what views are held by the Committee. It is our own domestic affair. Therefore it makes very little difference whether Sir Purshotamdas Thakurdas speaks

first or speaks last. I think in my opinion it would be better if Sir Purshotamdas Thakurdas spoke after hearing Sir Bhupendra Nath Mitra. Therefore with your permission I would request Sir Bhupendra Nath Mitra to make his observations now.

The Honourable Sir Bhupendra Nath Mitra: Sir, the point raised in the first clause of the substantive Resolution is identical with that raised last year, and the point really is whether the Treaty of Versailles stipulates that the delegation should not include non-nationals. Arising out of that question, the point has to be considered what is meant by the expression "non-nationals". I dealt with that point at some length at the meeting of this Federation in December, 1928. I notice that the same point was discussed at Geneva and I shall read out from the memorandum addressed by the Indian Government Delegation to the Credentials Committee the particular passage which deals with this point.

"Certain organisations in group (2) have now objected to the nomination of Mr. Brown mainly on the ground that he is a 'non-national.' This objection appears to confuse 'nationality' with race. There are many races resident in India; but all British subjects in India of whatever race exercise equal political rights. Mr. Brown himself possesses suffrage, both for the Indian (Central) legislature and for the Provincial Legislature; and the firm in which he is a partner is a member of the Bengal Chamber of Commerce, which is itself a constituency returning members both to the Indian and to the Provincial Legislatures. Equality of rights for all British subjects in India, of whatever race, is a fundamental principle from which the Government of India is not prepared to depart."

Mr. S. N. Haji: *Question.*

The Honourable Sir Bhupendra Nath Mitra:

Now, Sir, that is the position which emerges out of the existing constitution. I believe that my friend, Mr. Haji, wants that that principle should be altered radically. When, Sir, the constitution is amended and Mr. Haji's view is incorporated in the modified constitution, then the question

will arise whether a gentleman in the position of Mr. Brown is a non-national so far as India is concerned.

I wish to turn next to the Report of the Credentials Committee because a good deal has been said, or rather a number of assumptions have been made, about the reasons which led that Committee to arrive at its conclusions. This is what they say:

"It (i.e. the Committee) held that it was for the Government concerned to decide, by virtue of its sovereign powers, the national or non-national character of any organisation of employers or workers"

Mr. S. N. Haji: Sovereign powers, which this Government has not got.

The Honourable Sir B. N. Mitra: Mr. Haji does not probably recognise the present Government in India. I am very sorry that I have to pursue that subject. When I received a letter this morning from my friend, Mr. Birla, in which the amendment moved by my friend, Mr. Haji, did not occur, I thought that my task was simplified and it would not be necessary for me to say hard words in this place. The Government of India as it exists at the present moment is the constituted government in this country. Perhaps later on there may be another form of Government. It may perhaps be a government independent of England. I am, however, concerned with the Government as it exists at the present moment. I am a member of the Government of India which Mr. Haji has characterised as a foreign government. If that is so, I have no place in this Assembly, and it is useless for me to make any observation which I must make as the representative of the Government which is at the present moment the constituted authority in India. (Some Members: "Sovereign powers)".

Then we come to the next point:

"The Federation notes with regret the statement made on behalf of the Government of India to the 13th Session of the

International Labour Conference that negotiations with Indian and non-Indian commercial bodies were conducted to arrive at an amicable settlement on the question of the constitution of the Indian Employers' Delegation to the International Labour Conference as according to the Treaty of Versailles non-Nationals are not entitled to representation at such Conference."

As that particular clause stands, I have very little to say in addition to what I have already stated. It all hinges on the interpretation of the word 'non-national'. Mr. Haji and I believe another speaker, however, questioned the correctness of the statement that there had been negotiations between Indian and non-Indian commercial bodies. Now, Sir, I think this is a point on which I should not say much, seeing that there is already a certain amount of revolt on the part of people whom in the Legislative Assembly we should call the backbenchers against the leadership of their executive. That being the position, I would not like to say very much on this point, except that if I as the responsible member of Government am discussing across the table a particular matter with an eminent gentleman like my friend, Mr. Birla, who has held a prominent place in this body, I should certainly look upon it as a sort of negotiation. I would not consider it necessary that I should thereafter send a circular to each and every member of this Federation and I really do not know how many members it had in those days.

I shall just say a few more words in regard to the amendment which has been moved by Mr. Haji. I see from the Credentials Committee's Report that they had the fullest information before them. In any case it is not for me to dictate to the Credentials Committee as to how their own procedure is to be regulated. I am pretty sure that the bodies which questioned the nomination of Mr. Brown got the fullest opportunity of placing their case before that body, or of refuting any arguments produced before it by the representative of the Government of India. Obviously, in

matters of this sort, somebody must have the last word. That often happens in a body with which I am more intimately connected, I mean the Central Legislative Assembly. Who is to have the last word is for the authority that regulates the business of that body to decide.

In conclusion, what I should like to observe is this. The real trouble here is the interpretation of the words "national" and non-national" and so long as the constitution of India is what it is today, gentlemen in the position of Mr. Brown can claim, and legitimately claim, to be Nationals of India.

Mr. R. K. Sidhwa: Is that the definition given by the Government of "national" and "non-national"?

The Honourable Sir B. N. Mitra: It is not a question of the Government defining it one way or the other. The decision depends on the political rights enjoyed by the particular gentleman.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber, Bombay): In view of what has fallen from the Honourable Member in charge, I would like to say something regarding the main subject which is included in the Resolution moved by Mr. Roy and seconded by Mr. H. A. Lalji. But I am afraid that privilege is not available to a member who wishes to speak after the Honourable Member has replied. I, therefore, do not wish to touch on the first thoughts which struck me after hearing the Honourable Member. I may, however, say with due deference to him that I thoroughly disagree with him. (Hear, hear.) I am sorry that the Government of India took the view which he has propounded regarding the subject and I am sorry that the Government still hold the view which he has put before us. But that it a matter of a difference of opinion, which we know has been existing between the Government of India and this Federation for some time now and I do not think what has fallen from Sir Bhupendra Nath Mitra has taken this House by surprise, much less did it take me by surprise. I am hopeful, as our case is strong.

My main object in rising to-day is to tell the House why I think that Mr. Haji's amendment should not be approved by them. Before I go to that, I would like very much to say a word about what has fallen from the Honourable Sir Bhupendra Nath Mitra. It is a matter of domestic importance to us and I will not be long in mentioning it. In the Federation there is nothing like front benchers and back benchers. (Hear, hear.) Everybody is a delegate here and on equal terms. Sir Bhupendra Nath Mitra being a member of the Government, I am not surprised at his using the word back-benchers. However as a matter of fact, if he had cared to, he could have noticed that Mr. Haji is a front bencher at the moment sitting on the front bench. And so is my friend, Mr. B. Das. Regarding those on the back benches, I am sure they are not there because they carry less importance than we on these benches, but it may be this way. Those with less ability are pushed forward to do the work for them. All those who are now sitting on the back benches deserve to be in front of us and those on the front benches need not be supposed to have any greater importance than those on the back-benches. This, I think, is necessary, if I may say so, to clear the atmosphere, (laughter), because I do not think that anybody here should feel that, barring you, Mr. President, in the Chair, any one of us on the benches have a greater right to be heard or to speak than anybody else.

Coming to the main subject before the House, I will take, if I may say so, my friend Mr. B. Das's point first. Mr. Das mentioned a grievance which is not a grievance at all. In the matter of this particular resolution, I think the Committee have been absolutely in the right because the resolution originated from the Indian Chamber of Commerce of Calcutta and Maharashtra Chamber. I may tell you that worthy representatives of both these bodies met yesterday at the Executive Committee and they did not oppose this. There is only one more Chamber which sent in this resolution and that is the Indian Chamber of Com-

merce in London. Unfortunately, owing to distance we had no representation from them.

Mr. Kasturbhai Lalbhai: I was present on behalf of them.

Sir Purshotamdas Thakurdas: I am sorry for my ignorance.

Even supposing it were necessary to get every modification in a resolution supported by all bodies from which it may have originated, in this particular case Mr. Das has no cause for complaint and I hope that he will say that if he had known these details, he would not have got up to second Mr. Haji at all.

Now Sir, I have only to point out to Mr. Haji that the Committee were right in omitting the third part of the Resolution which he now wishes to be added as an amendment. Sir, Mr. Haji said towards the end of his remarks that he would like the House to pass this amendment and show to the Credentials Committee that India does not wish to be represented by non-nationals at International Conferences. If that is the main motive of Mr. Haji's amendment, I ask him whether the Credentials Committee have any voice in this matter. The Credentials Committee are a judicial tribunal, so far as I understand their function—I speak subject to correction by gentlemen who have been to Geneva—and as a judicial body, they have to give their judgment. I feel that it requires an extraordinarily strong case to be made out by a body like the Federation of Indian Chambers of Commerce and Industry to criticise a judgment given by such a dignified body. Surely no one will—and I am sure, Mr. Haji will not—wish it to be implied that the Credentials Committee were interested in their decision in favour of a European any more than they could be interested in the nomination of an Indian. Well, I take it that they gave their decision in the most impartial way that they could, and if that was so, which I do not think Mr.

Haji wishes to challenge—I should be sorry for anybody to challenge that—if that was so, what ground is there to criticise?

Mr. S.N. Haji: I am not criticising.

Sir Purshotamdas Thakurdas: In the amendment as Mr. Haji read it out, the words are "The Federation feels that the Credentials Committee were mainly influenced.." A mere assumption. Can Mr. Haji say that "the Federation are convinced"? He cannot say that. Is it necessary to say any thing like that? Does it improve our case? Where is the necessity of going out of our way and criticising a body which is a judical tribunal of international repute when you are convinced that they have done their best after hearing the pros and cons put before them? It is possible, Sir, that one of the two parties submitting their case of this nature before a judicial tribunal may exaggerate or misrepresent their case. It is possible that one of the sides may have conveyed to the judicial tribunal wrong data. But I do not think it would be wise, advisable, desirable or discreet to tell a judical tribunal that we feel that they were partial. I am afraid, Sir, that if we pass Mr. Haji's amendment, the Federation as a body may be exposed to considerable ridicule, and I do not think it is necessary to do it. Our whole aim, Sir, is to bring out that the information which the Government of India put before that body is not right or not correct.

Mr. S. N. Haji:—How will you inform Geneva about it?

Sir Purshotamdas Thakurdas:—If Mr. Haji likes, he may very well propose that a copy of the proceedings of this meeting should be sent to the Credentials Committee for their infoamation.

Mr. S. N. Haji: I shall be content if that is accepted.

Sir Purshotamdas Thakurdas: I think Mr. Haji can

easily take a spare copy of the proceedings, mark it and send it, and I am sure the Secretariat in Geneva will be glad to receive it. I am sure that they see everything that goes to them, certainly the proceedings of a meeting like this. Am I to infer from Mr. Haji's interjection that he is prepared to withdraw his amendment?

Mr. S. N. Haji: Provided a copy of the proceedings is sent to Geneva.

Sir Purshotamdas Thakurdas: You want that this should be brought to the notice of the Geneva Labour Office?

Mr. S. N. Haji: Yes, officially. The proceedings of this meeting should be sent to them drawing particular attention to this part of the debate.

Sir Purshotamdas Thakurdas: We have here my friend Dr. Pillai the worthy representative of the International Labour Office. Do you fear that Dr. Pillai is not going to send them a copy of our proceedings ?

Mr. S. N. Haji: Including my amendment? In that case we need not send our resolution to the Government of India either ?

Sir Purshotamdas Thakurdas: We want to have the main resolution on record and it is because we ought not to have the other thing on record that we ought not to pass this amendment. If a copy of our proceedings is furnished to the International Labour Office, our purpose will be more than amply served, and it is on that ground that the Executive Committee omitted this amendment which was, as you, Sir, know yourself, not in the draft submitted to them.

Now, Sir, I think I have said enough to convince the House that it is neither necessary nor advisable to pass Mr. Haji's amendment.

I want to add one word more, Sir, regarding what has been referred to by some speakers as the privileges of the Executive Committee. As a matter of fact, Sir, as you know, and as I know from my own experience, Executive Committee are very loth to change even a word or syllable in a resolution unless they feel that change is likely to improve the meaning or the purport of what is required to be conveyed. I think it should be the duty of an Executive Committee of such a body always to do that, and as I have already said to Mr. Das, in this particular case we had the peculiar coincidence of the approval of the representatives of the three bodies. But it would be most undesirable and almost impossible to say that a resolution sent in by a body should be put before the Federation without revising it at all because after all if that body has strong reason to stick to its own wording, it can always raise the question in the open House. I therefore submit, Sir, with all respect to those gentlemen who have raised the point, that there is nothing in their points which should make them press this aspect. As far as Mr. Haji is concerned, I can re-assure him that our energetic friend Dr. Pillai will keep his Bureau informed as far as official resolutions of this Federation are concerned. I therefore strongly recommend that the main resolution as moved by Mr. Roy and seconded by Mr. Husseinbhoy Lalji be passed.

Mr. S. N. Haji: Am I to understand, Sir, that all the three clauses will be sent officially to Geneva? However, all that I want to make clear is that the resolution together with the debate should be sent officially through our Secretary and not through Dr. Pillai.

Sir Purshotamdas Thakurdas: I take it, Sir, that a copy of our proceedings is sent as a matter of courtesy to the various International organisations.

The President: They are sent officially.

Mr S. N. Haji: I withdraw my amendment on condition that this whole debate is forwarded officially to Geneva.

The President: I place before this House the resolution as moved by Mr. Roy.

The resolution was carried unanimously.

IMPERIAL CONFERENCE—MERCHANT SHIPPING LEGISLATION.

The following resolution was moved from the Chair and carried unanimously :—

"(*a*) The Federation strongly protests against the method adopted by the Government of India in connection with its nomination at the Imperial (Merchant Shipping Legislation) Conference held last October inspite of the definite recommendation of the Federation that the Government of India should nominate thereto a non-official Indian who could command the confidence of the commercial community.

(*b*) The Federation further resolves that any decisions arrived at by the Conference and confirmed on behalf of the Government of India by parties in whose nomination the Federation had no hand will not be binding on India and trusts that the Government of India are not thus committed to nullifying the policy endorsed by the Indian public and the Legislative Assembly with a view to develop an Indian Mercantile Marine."

CONSTITUTION OF PORT TRUSTS.

The following resolution was moved from the Chair and carried unanimously:—

"The Federation strongly urges the respective Governments to so amend the Constitution, Rules and Regulations of the Port Trust Boards in Indian Ports, whereby the Chairman should be a non-official Indian and 75 per cent of the members of the Board should be Indians elected by commercial and other important bodies."

The meeting then adjourned till 10-30 a. m., on Saturday the 15th January.

SECOND DAY'S PROCEEDINGS.

FEBRUARY, 15, 1930.—MORNING SESSION.

The Session commenced on Saturday the 15th February 1930 at 10-30 a.m. the President, Mr. G. D. Birla in the Chair.

Government Member Present:—

The Hon'ble Sir George Schuster, K.C.M.G., C.B.E., M.C.,

The President called upon Sir Purshotamdas Thakurdas to move Resolution No. 8.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber, Bombay):—

Mr. President and gentlemen, I rise to move the resolution No. 8 on the Agenda which runs as follows:—

"A. The Federation wishes to draw the attention of the Government to the alarmingly serious economic situation of the country, particularly in the sphere of agriculture, trade and industry. The Federation is convinced that the present unprecedented depression is very largely due to the persistence of the Government in maintaining the value of the Rupee at 1 s. 6 d. Such action on the part of the Government has been responsible for the policy of continuous deflation which has caused not only unnatural tightness in the money market and a reduced holding power of the people, but a distinct loss of confidence in Government credit. The Federation is alarmed and feels that such a policy, if continued, may cause the complete dissipation of the slender gold resources at present held in the Paper Currency and Gold Standard Reserves on the one hand and the swelling of India's foreign liabilities on the other, and may lead eventually to the inconvertibility of the paper currency. The Federation, therefore, earnestly warns the Government against the grave danger which such a policy is fraught with and suggests that to save the country from the dire consequences of such a policy, it is imperative that the situation be reviewed without delay.

B. The Federation reiterates that the only way of restoring the confidence of the people in the currency and credit of the country lies in the establishment of a real gold standard with a free gold mint and gold currency and suggests rigid adherence to a policy which may be calculated not only to conserve our present gold resources but to strengthen them."

Sir, it was, I think, in December, 1926, that I had the privilege of addressing a gathering similar to this at Calcutta justifying my Minute of Dissent to the Royal Currency Commission's Report. At that time I was a partisan in the great dispute which was raging in the country between the Government of India, backed by the India Office, on the one side, and the people of India, or more correctly, the Indian commercial community as representing the masses of India on the other. I am free now from the handicap from which I then suffered, the handicap being the supposition by those who were anxious to prejudice the issue that I was trying to justify what I committed myself to a few months back as a member of the Royal Currency Commission. Such agitation and such awakening of the people of India as could be done by myself and those who held similar views to mine was done during the following three months; and in 1927 the Government of India put on the Statute Book a ratio for the convertibility of rupee into gold which the people of India were widely apprehensive would ruin the country.

I do not wish to repeat the many arguments which were then put forward, for and against, because it is not necessary for the purpose of the Resolution which I now submit to you. But I think, I may, by way of personal explanation, indicate for the information of the House how I come to be associated with this Resolution. I believe I am not giving away any secret, and, the Executive Committee of the Federation will not mind it, if I say that I was unwilling to move this resolution or to be associated with it. I felt, as indeed I feel even now, that I had done my part of the duty in warning the country and the Government at the time when the slate could be said to have been fairly clean. I felt that if

I said anything now people might construe it that I was coming back to the charge and was trying, to use a colloquial expression, to rub it in. It is for this reason, that since the 1st April, 1927, as many have noticed, and, indeed as several have remarked to me, I have kept absolutely *chup*, as they say, on this very distressing topic—not that I felt any the less, but I did feel the humiliation and opperession of having to look on helplessly when many of the forebodings which I gave expression to then were unfortunately coming too true.

Speaking on the third reading of the Ratio Bill, I said: "Whilst, I cannot agree with the Bill, I bear no spite to it and the best wish that I can wish to the country as a result of the passing of this Bill by this House is that the painful process of adjustment through which he country will have to pass owing to 1sh.6d. being put on the statute book may be as little felt by the country as nature may possibly allow." Mr. President, it is possible to ask for mercy from a man, big or small, and even from a Government at times, powerful or weak. But I believe the laws of nature are such that there are very few methods of getting any exoneration from that quarter. In one field, more han others, are the laws of nature absolutely unbending and that is in the field of economics and finance. In fact, as I said then, in the field of finance, however clever or brilliant a person may be, he is incapable of doing for long what may be said to be the trick of the magician. But inspite of this very strong feeling of mine, when I felt that not only my electorate but also my friends on the Committee called upon me to move this resolution, as a call of duty, I felt that I could not resist it and I stand here to-day not only conventionally as one who has been entrusted with the moving of a resolution, but to tell you that although I have kept quiet for the best part of three years, my conviction has not lessened in the slightest degree. If there is one feeling with which I am oppressed, it is the feelling that in spite of our convictions and inspite of what we see before us, unfortunately the constitution of the country does not allow us to do more than put forward our views before the Government. I was told that last year when the Honourable Finance Member spoke something about

the ratio on the budget that he presented then to the Assembly, I contented myself with saying that what cannot be cured must be endured. I said that deliberately. I felt that it was due to our new Finance Member, as he then was, to give him a fair opportunity to study the conditions for himself, to watch the various points, which we saw clearly owing to our intimacy with the requirements and conditions of India. I was further of the opinion that as long as any attempt to effect a change in the Ratio required the sanction of His Excellency the Viceroy before any Bill could be introduced and considered in the Assembly, to that extent at least it happened to be something of which it could justifiably be said that it could not be cured by our own efforts only. Unfortunately the twelve months that have elapsed since the Finance Member presented his first budget have, if anything, further accentuated the whole situation. It has accentuated in a manner which many may not have anticipated; and I am sure that it has accentuated in a manner which perhaps the Honourable the Finance Member himself was not prepared for when he said what he did in his budget speech last year. The whole question to my mind resolves itself into this.

But before I proceed further, will you Mr. President allow me to speak somewhat longer than the time limit which you fixed yesterday and may I request the House to bear with me for a little longer?

The President:—Yes.

Sir Purshotamdas Thakurdas: Sir, the burden of those who pressed for the 1s. 4d. ratio was that they felt convinced that, irrespective of any other consideration, the main consideration which should prevail is, and should have been, "What is to the best interests of the producers of this country, the producers on whose efforts and on the efforts of whose toil the Government of India rely for the balance of trade in favour of India?" I know that a good deal of prejudice was sought to be created, and indeed was to a certain extent created, by putting forward the argument that this was all put up in the interests of the industrialists of Bombay who came in for a good deal of abuse. I do not think

it can now be said that only the industrialists of Bombay have suffered owing to this unprecedented experiment with the currency system of India. I believe it is now being recognised that not only Bombay but the cotton textile industry in Ahmedabad, Cawnpore and various other parts of India is being affected; and if Bombay was the first to be affected it is not because of any reason other than this, that Bombay being a sea-port town is always the first to be affected by conditions of the nature of which we are now taking cognisance. I have not the least doubt, Mr. President, that the turn of Ahmedabad, of Cawnpore and of the few mills in Calcutta and Madras is coming unmistakably; and those who live in what I may call a fool's paradise and think that there is something fundamentally wrong with Bombay and that the factories in other places are organised and conducted in a manner which may be said to be ideal, will not take long to be undeceived.

One of the greatest complaints against the Government of India in this connection is that in their anxiety to maintain what has been done in the past they are giving an advantage and an unearned advantage to one of the most keen competitors not only of India but also of Lancashire. Japan, Sir, has made inroads into the markets of India which, if the people of Lancashire could only realise they will not thank the Government of India or the India Office for the policy they have adopted. As far as India is concerned, to them whether it is Japan or Lancashire, broadly speaking, it makes no difference. As long as it is somebody else outside India, they have a grievance. But to those who have been pressing upon the India Office and the Government of India the policy of favouring Lancashire, I would ask them not to deceive themselves. They are not only deceiving themselves, but they are deceiving also the shrewd businesslike public of Great Britain by making them believe that they are following the present policy in India for the benefit of Lancashire. Sir, when Great Britain and especially Lancashire know the truth the India Office and their agents the Govt. of India will hardly deserve thanks for what they have done by keeping the people of Great Britain in ignorance on this score.

Now, what has happened, Sir, with regard to the vast masses of India? It is true, and we have been repeatedly told, 'why are you complaining? Our exports are keeping up; our railway earnings have not yet gone down; what can be wrong with India?' As I said in another place where such a remark was made, the exports have to keep up as long as the crops are grown, and the railways have to carry those crops; there is no other alternative. The whole question is this. Has it ever been the business of the Government of India in their relative departments to find out whether the prices realised for exports leave anything for the grower. There has been no difference of opinion on the point that figures are wanting in that direction; and figures cannot created be in a year or six months. It may be comforting to note that some efforts are being made to collect statistics on this score but till now nothing useful is available. I say that it is deceptive to rely upon merely figures of exports. Will the Government of India begin to thing only when there is a failure of the crops? The whole question is whether the exports on which you rely so much leave anything to the grower of the crop, and if they do not, what are you going to do? I need not, Sir, before an audience like this deal at any length to show how as a result of the 1s.6d. ratio the exporter in the world market gets only Rs. 13 and odd annas instead of the standard Rs. 15 for the £ to which he was accustomed from 1900 till 1924. I take it that everybody here is well aware of that obvions fact, and I need not take up the time of the House. I submit that it should have been clear to the Government of India years before now that the man who grows the crop has generally little left with which to buy the other requirements of life. It has not been contended that the monsoon in India on the whole has been abnormally bad since 1927. In fact, it has been one of the boasts of the Government of India that we have had normal years and that there is nothing to be anxious about. If, Sir, then all these years have been normal as far as the crops are concerned, and if exports have kept up, as it has been repeatedly pointed out to us that they have, has any thought been given to the question as to why the people are not able to purchase freely their other requirements which they were able to do till 1924? Ask anybody

Sir, ask the most conservative importing House which not only supported but perhaps may have prayed for the 1s.6d. ratio to be put on the Statute Book, ask anybody in Bombay, in Calcutta, in Madras or even in Rangoon this question, and if you can make them tell the honest, frank truth,—and one may ask one of the Secretaries in the Finance Department,—and they will tell you that the stocks do not move. Ask, if you like, Sir, the various millowners either in Calcutta or in Madras or Cawnpore or in Ahmedabad,—leave aside Bombay for the moment,—the one reply you will get from them is that the people have not got the wherewithal with which to buy their requirements. I have not yet heard it advanced,—it may be that some clever brain may advance this,—'Oh, people had stocks and hence do not want to buy cloth',—but I do hope that an absurd thing like that will never be mentioned. Either the people have stocks and do not wish to buy more or they have not got the wherewithal to buy their requirements. The most emphatic conclusion to which everybody who is in the slightest touch with the masses and the internal trade of India cannot but come to is that the purchasing power of the masses is gone; it has steadily decreased, and to-day you can say that it has been completely broken.

I, Sir, have never been able to understand what is the consolation of the Government of India in connection with this very grave aspect of India's economic condition. We have been told that India buys gold and silver. Now, Sir, India does buy gold and silver, and His Excellency referred to it himself yesterday. I wonder if it is contended that India buys gold and silver as a substitute for the cloth which the masses require or as a substitute for the other necessities which the masses require or for the small luxuries which they sometimes go in for. The reasons why the people of India buy gold and silver, irrespective of the requirements for decorations and other luxuries of the richer classes is, as everybody knows, because of the sentiment amongst the ladies in India of all communities, whether Hindu, Muhammadan or Sikh, for jewellery. Personally, I always felt that it is not a thing to be deprecated. Richer

countries have had their own luxuries like emeralds, diamonds and other more valuable things, and I would be the last to complain against the womanhood of India for their luxury in going in for gold and silver ornanents. But the complaint is that this is being held as a hoard in which to put their surplus savings. No one has ever been able to assess the amount of such "hoards", as they are called. I myself have always felt that there is nothing like a hoard or hoards in India as such. I would agree, in fact I have agreed before now, and we are all aware of it, that where the illiterate people have a few rupees to spare, knowing as they do the various inconveniences and perhaps at times the harassments to which they are exposed when they go to deposit their few savings in a post office, they have kept their small savings with themselves. It is true that those who are a little more able to think for themselves go and deposit their small savings with the village *bania* or *sawcar* as the case may be, but a few failures in such areas make people nervous and naturally they try to keep with themselves the little savings which they may have. These savings may be either in gold or silver or in rupees if you like to put it so, but surely that is not a thing on which anybody should have an eye for the purpose of interfering with the currency system of the country. I personally would like all these savings to be put into the common pot so that we may strengthen our currency reserves, but that day is still to come. It can only come with very hard work, with education on a larger scale, and what is most important, with abiding confidence of the masses of India in your banking system, in your banking institutions and above all in the Government of India. I believe myself, Sir, that it is very necessary to work in the direction of giving the people the alternative to buying gold and silver in which to put their few rupees, call them tens or hunnreds,—I have not counted them—and if to that extent, gold and silver is being imported for conserving the saving of some of these people, I do not think that the Government of India are justified in the slightest degree in saying that as long as there is gold and silver

imported in the country against the balance of trade, we cannot but come to fhe conclusion that the masses of India are prosperous. That would be, to say the least, a most child-like conclusion to come to, I use the word child-like and not childish, argument to put forward. There are in India two classes wide apart, as I was told yesterday by a person who arrived in India only a few days ago. It appeared to him that India consisted of two classes, the princes and the men who live in the villages and huts. As long as there are the upper classes, the class of princes if you like to call them so or cal them the upper rich class if you prefer, as long as there is such a class, there will be gold and silver imported, and regarding the masses and the urban people, there must of course be a few amongst them who have a little saving; and you must not overlook the big class, namely, the women class of India which necessarily goes in for gold and silver for the sentimental attachment they have, based on, as they believe, religion, and as I believe, their custom. Every girl that is married must have a certain amont of gold or silver as a token of her being a wife and every wife living in India to-day must carry on her person a few tolas of gold or silver to indicate that she is not either a virgin or a widow. In fact, my wife does not wish to free herself from that sentimental attachment, and whether she is in India or whetoer she goes abroad, she must carry one or two token on her to feel and show that her husband is alive. Whilst, therefore, th;s sentlment is ther, the import of gold and silver into this country must continue, and it is not a criterion at all of the prosperity of the people, and the person who points to this, I am afraid, must be very ignorant of the conditions under which gold and silver is imported.

Now, Sir, what is the nervousness of the Federation and the various bodies which constitute this Federation? What is it that has led to this Resolution, a Resolution which I think can be said to be frank in expression and unequivocal, in conveying to the people and the Government of India our apprehensions as we see them? That industries have suffered steadily since the introduction of the sh1/6d. ratio does not require

demonstration; that the trade and commerce of India has continued to go down, and that to-day, or if you like for the last six months we have been steadily facing depression, the like of which many people who have been in commercial life for the last many years have not seen before, does not require demonstration either.

But if when the Honourable Member gets up to give his views which he has very kindly agreed to give on this debate, he expresses any doubt on this score, I may, Sir, be able to say, something further on this subject. Meantime I take it for granted that there is no difference of opinion that all industries are doing badly and that they cannot be strained any further I take it for granted that it will be agreed that the depression in trade and commerce in India is of a nature which cannot be allowed to continue and I further take it for granted that it is agreed that as far as the agriculturists and the masses of India are concerned their condition is one which must give the gravest food for thought. The question which, therefore, now remains is whether the want of confidence in Government credit to which reference has been made can be said to be justified. Now, Sir, I will put it in a very brief manner like this. We were told before 1927 with considerable pride by the then Finance Member 'I have improved the credit of India. I have not borrowed abroad for so many years and even in India Government's credit is standing at a premium, higher than what prevails in the all-powerful and very wide market in London'. It sounded very sweet then and people thought that this was one of the results of the policy which the then Finance Member had initiated and was carrying through. How long did it last and where are all those proud achievements of the then Finance member to-day? We were told that as far as possible the Government of India should not borrow outside and we were further told that even here in India they were borrowing at rates which were fairly satisfactory. What has happened during the last 4 months? Not only has the Government's difficulty, in borrowing in London increased but we have had during the last week news of borrowing which frankly speaking has upset the Indian commercial community. Since October

last the Government of India has been the largest borrower in India and if the rate that a man pays for the discount of his paper, be any indication of his solvency or credit, then the Government of India's creditto-day in the Indian market cannot but stand very low. They paid and still pay 6½ per cent per annum for six months borrowing. They continue to pay this in the month of February so that the six months' period will cover what is normally looked upon as the three months of slack season for money. As to the total amount that the Government hold to-day of such borrowings, perhaps the Honourable Member will be able to give the most accurate figure, but it goes into crores and every week money is being drained out from the market centres of India towards the Government treasury. Can it be said that the Government's credit is on the high side? There must be several commerical houses and industrial concerns still in India which are able to borrow at condsiderably better rates than our Government does. The Government credit in India as far as borrowing is concerned always stood at the very highest. When they borrowed at 3½ per cent people borrowed at 4. When they borrowed at 4, people had to pay 5. When they borrowed at 5, people had to pay 5½ but when they go on to 6 and 6½ for six months, they pass the limit. If it were not a Government but a mere banking or commercial body, people would suspect that there must be something fundamentally wrong with such a borrower. In Indian banking circles such a party will soon have to close its doors.

When I say Indian banking, I refer to the Indian shroff and the Indian mahajan. Why do the Government want to borrow year in, year out, all the twelve months of the year, irrespective of whether it is monsoon or season month and why do they have to pay as high as 6½ per cent for six months? It can be justifiably said that so far as the credit of Government in this country is concerned, there is something fundamentally wrong. People inquire when will the Government stop, if they stop at all? Can they stop at all or will they go on continuously borrowing? What are the borrowing for? They can only be borrowing for one of two purposes—either because they want money to pay somebody else, or as the

people infer because they want to tighten the money market for the purpose of the exchange being maintained. I do not think it is extravagant to say that the Indian commercial community and the Indian public who have given a thought to this subject have come to the conclusion that the Government are borrowing at these ruinous rates—we shall know something about this on the 1st of March—ruinous to the Indian commercial community and the Indian industrial world, because their borrowings are affected by the Government borrowing—for the one purpose only of tightening the money market in order that the exchange ratio may prevail. No one can say that the ratio is being maintained by natural forces and does not require serious manipulation. I have not calculated the rate at which Government last borrowed in London for three years with the accuracy with which it should be but I am told it works out at the neighbourhood of 7½ per cent per annum. I see Mr. Denning smilling. Perhaps he will correct me if I am very wrong. He must have calculated it before the Finance Department approved of it. I say, Sir, that that borrowing is the limit and there is in addition one per cent extra, if the Government of India found it necessary to repay the loan in the year of grace 1933 and not 1932. I am sure that some members of the Assembly would ask for the full meaning of this extra one per cent which had to be tacked on but I do not wish to put many questions to the Honourable the Finance Member here. He has come here as a matter of courtesy and I would only mention this, if he thinks it worth his while to tell us, why this extra one per cent had to be agreed to for one more year. I do not overlook that it is optional and it is quite possible he may not need the money at all but the fact remains that the Government of India are the best borrowers not only in India to-day but also in London. It may be said and indeed it has been said, and I should not be surprised if it is going to be said by the Honourable the Finance Member in the course of his reply, that rhis high rate in London had to be paid because of what is now called the Lahore Resolution regarding what is populaly known as repudiation of debt. Now, I find it rather difficult to reconcile myself to any such excuse, if I may say so. The question is: Are the Government of India so diffi-

dent about the justification for every item of debt that they have incurred that they cannot satisfy the British public that nothing can go wrong as far as the debt of the Government of India is concerned. I can understand a financial market taking fright at the slightest mention of repudiatoin of debt; but that is a question of one individual against another individual. Here it is debt incurred by the Government of India with the full sanction and authority of the Secretary of State and His Majesty's Government presumably for the most genuine purposes. And do the Government of India wish to indicate that, when their hands are as clean as they must claim they are, there is any justification for nervousness of the sort we know London suffers from? If the Government of India tell us that any such slight whiff from any quarter is likely to distrub the credit of India, then all I can say is that the sooner they resolve upon the next step that they wish to take regarding our constitutional advance the better for themselves and for ourselves. in every country there are bound to be people who will take not only as strongly as they have talked at Labour but even stronger still. Do I understand that the commercial and industrial community of India is expected to keep these people quiet when there are lakhs of people who are dissatisfied and when there are justifiable grievances which are left redressed by the Government of India? What material do the Government of India provide us of the commercial community, with which to appear before the public and tell them : "This extreme talk is all wrong"? In the meantime, the time intervening between now and the day when the Mother of Parliaments decides upon what will be done for India and in regard to India, it is up to the Government of India to take every possible measure to see that no wrong impression will prevail and no harm will be done to India by any such step. The Government of India are the only party who can put the Government point of view before the English public. We of the commercial class cannot do it. We have not got the wherewithal to do it. We do not know the justification of the Governmcnt of India for every loan which they have contracted since they took over the Government in India from the East India Company. If they can say with confidence

that their hands are clean and there is nothing which can be turned down by an impartial Tribunal, then it is up to them to ensure that until the next step is taken the credit of India will not suffer. I submit that it would be very poor trusteeship of India if the Government of India cannot see the right view prevail, especially when they are borrowing in a market where they should have through the India Office very full hearing. I can understand if they were borrowing in Germany, America, Japan, Spain or in Italy. In that case the Government of India could justifiably say: "After all, we did put this forward but the leaders will not be convinced." But when the borrowing is in England and in London, I do think that this attitude will be looked upon as a comparatively poor justification.

I will now deal with the last part of the Resolution which runs as follows:

"The Federation is alarmed and feels that such a policy if continued may cause the complete dissipation of the slender gold resources at present held in the Paper Currency and Gold Standard Reserves on the one hand and the swelling of India's foreign liabilities on the other, and may lead eventually to the inconvertibility of the Paper Currency."

Now, Sir, the resources of the Government of India in the Currency Department are fairly well known to this audience. We still have gold left there and we have the gold securities in the Gold Standard Reserve. Regarding our securities in England and in India in the Currency Reserve, barring the gold in the Currency Reserve, there are at times a few sterling securities which are put in there to be drawn out when the next payment to the Secretary of State has to be made. I have not unfortunately got here in Delhi a complete list of the gold resources of the Currency Department of the Government of India since they deliberately went past the 1s. 4d. gold ratio in 1921. I had it prepared for the purpose of the discussion of the ratio issue in 1927 and I think I had it brought up to date till 1928-29 but unfortunately I left it

behind in Bombay as I felt I would be able to persuade somebody else to move this Resolution. But if the Honourable the Finance Member could at a convenient opportunity tell us the total dissipation of India's gold resources in the Currency Department since 1s. 4d. gold ratio was allowed to be passed deliberately by the Government of India in October 1924, I think it would be most instructive.

Now since 1927, we all know the gold resources which have passed away from us to pay the Secretary of State, but the one thing about which the public of India has the greatest grievance and the most justifiable one is how the silver in the Currency Reserve has been used for this purpose. At one time it was suggested that the next Resolution No. 8 (A) regarding sale of silver should be discussed along with the one under discussion, and I am very glad that the Executive Committee separated the two Resolutions, because the question of sale of silver has become a very grave problem lately for India. I think that under the able care of my friend Mr. C. B. Mehta from Bombay that aspect will be more fully dealt with. I only mention this in passing in the course of the discussion on this resolution to the extent to which it is unavoidable. India's silver is being sold by the Government and, when the Royal Commission recommended the sale of silver they did, it has very frankly been admitted by the Honourable the Finance Member, indicate that it should be replaced by gold and/or gold securities. They may not have said in so many words. They did indicate that and I have not the least doubt that they intended it to be so. More silver has come back since October, 1926, when the Royal Commission reported. Personally I look upon it as a gratifying proof of the salutary change coming on among the masses of India that they would handle currency notes more freely than they did before. It is a change which a person like me looked forward to and indeed to-day also looks forward to with satisfaction. But that does not mean that these silver rupees should be sold, and converted into gold to be passed on to India Office especially when the class of people which enables you to collect together silver like this is either directly

or indirectly hit by such a sale of silver. I look upon the serious depreciation in the value of silver which has taken place during the last few months as the most grave aspect of the whole question. As you know, I lately put a question in the Assembly here and a reply was given by the Honourable the Finance Member. Since that time both Pandit Madan Mohan Malaviya and myself have had interview with the Honourable the Finance Member and I hope that before the Budget is presented, we would both be put in possession of the information that we have asked for and that either we would be able to convince him or he would be able to convince us regarding the policy which is to be followed. But the fact remains to-day that the holding of the people of India in silver is subject to serious depreciation. As I am in communication with the Honourable the Finance Member, I do not wish to deal with the subject further, but I cannot help drawing your attention that the world price if silver, in sterling, has gone down to the extent of about a penny or at most 2d. per standard ounce lower than the lowest price known during the last 50 or 60 years. In rupees, however, it has gone as low as 45½ rupees per 100 tolas as against 55½ rupees per 100 tolcs which has been known during the last 75 years. The difference is obvious. Here is 12½ per cent, or if you like to put it more accurately, 11 odd per cent, which you have got to allow owing to the appreciated rupee, a luxury which the Goverument of India forced on us. And when you take that away, you will see that the Rupees 45½ would easily have been Rupees 51 odd. Those who supported the 1s. 6d. ratio are not justified in complaining about this drop in price. It is we who are justified in saying to the Government of India that they should have known then that they were depreciating the whole of the savings of the masses of India by following the policy which they did, namely, by giving India the luxury of an appreciated rupee. I do feel, Sir, that persistence in sale of silver is unjustifiable and that it should be without delay stopped, if the masses are to be saved from further ruination-not the fruits of their present toils but if they are not to be deprived the fullest benefit of the savings that they made a decade or two back. I

will give you one set of figures and they will be from the broadest point of view. I understand that the import of silver into India during the last 10 years can be said roughly to be in the neighbourhood of Rupees 125 to 150 crores worth and the average price during this perod will be found to be round about rupees 70 to 75 per 100 tolas. If these figures are correct, you can easily imagine what a drop from that figure to Rupees 48 would mean as it is to-day. It means very nearly a depreciation of 40 per cent of the people's savings, and if the amount is anything like 125 to 150 crores for 10 year period, you can calculate better than I can the total loss which has been put on the masses of India in all the silver they hold.

Now, Sir, is there any exaggeration if those who understand Indian's currency tangle take up the stand that they are apprehensive that her slender resources, as the Resolution puts it, may disappear? And, should the Government of India not be prepared to take a review of the situation as it exists to-day, as is recommended in this Resolution, would the public of India and the Federation be considered wildly impatient if they throw out a warning and say that they apprehend that the refusal to impartially review the grave situation as it has developed may mean veritable ruin to the country? The currency notes may cease to have confidence of the people. I am aware that it is a serious aspect to be put forward by a responsible body; but I am also aware that the Federation have put it forward because strong ind cations of thinking in this direction came from several member-bodies, and it is not much good if, at a meeting like this when members of the Government of India—from His Excellency the Viceroy downwards—help us in our deliberations, we do not communicate to them frankly our apprehensions and our views as they happen to be. It is not necessary that a Resolution like this from a body of the standing of the Federation need necessarily cause alarm. The remedy is in the hands of the Government of India. They can, if they are so disposed, still take the commerical bodies and the public of India in their confidence. They can still satisfy them that the picture which this Resolution draws is unjustified and there is room

for optimism. None will be more glad than the Federation if they could see the dawn of light at this juncture. As far as their outlook at the moment is concerned, they find there is nothing but deep darkness still left for the country to go through.

I want to touch upon one other subject. The sale of silver will perhaps be dealt with more fully by the mover of the next Resolution. What is the remedy for all this, it may be asked. Supposing all that you say and the picture that you have drawn is warranted, what is it that the Federation wishes the Government to do? Now I have found in the course of the one year or rather 15 months that I have come in contact with the Honourable the Finance Member that he certainly has been very ready and open to listen to every point of view and to give it full and careful consideration. I also felt that he has all along been anxious to receive constructive suggestions from people who have a stake in the country and whose claim to speak is based on some knowledge of the just requirements of the country. I do not think that he would hesitate to listen to suggestions from a body like this, especially when they pass a Resolution, I hope unanimously, of a nature like this. The Federation suggests that the Government of India should review the whole situation without delay. On another occasion a friend who is present here, asked the Government whether the object was to ask the Government to appoint a Royal Commission or a Committee. Nothing of the sort is suggested or meant here. The Federation suggests that the Honourable the Finance Member should consult a few persons who, he thinks, are in touch with economic condition of the country at present and who he may think would be able to advise. The Federation puts no liability on the Honourable the Finance Member to accept the conclusions or the recommendations of such persons. Let him select the people who he thinks will give him impartial advice. I personally feel that the case that we are putting forward and the aspect which we present before the Government of India to-day are based on such correct facts as they exist that

there should be very little difference of opinion regarding the remedy between whomsoever he selects, as long as they are people in live touch with things as they exist, not only in ports like Bombay, Madras, Calcutta and Karachi, but also in urban and rural areas of India. We do not wish to lay down any conditions or suggestions regarding whom he should consult. Let him consult such people as he thinks would be able to give him correct guidance regarding the existing industrial, commercial and agricultural conditions. I have had some touring to do during the last four months; and in my tours I have come in contact with not only district officials but others also in Indian States who occupy responsible positions and whenever they were asked they have invariably told me that they were convinced that the condition of the masses is depreciating badly. A friend of mine who went to Rajputana only during the last week returned and said that he was there nine months back and when he went this time, even during his short stay of four days, he found that although the cost of grain and other necessities of life had gone down, the people had not the wherewithal with which to buy them. There is no employment for them and they have no earning power. If that be the actual fact, I think we are not asking too much by our suggestion that the Honourable the Finance Member should consult people who have knowledge of this matter and then review the situation and inform us what their conclusion is. The Government of India ought to recognise that it is a very fair suggestion to put before him, namely, to take a review of the whole situation instead of simply consoling himself that all is well. We, who are in daily touch with the people, frankly and honestly tell him that all is not well, that there is much which is wrong and unless he watches and devises measures, things may go from bad to worse, and that worst may be dangerous beyond what he may be prepared for.

Sir, regarding part B, I think I need say very little. Gold standard and gold currency have been considered the righ thing for India ever since the early nineties of the last century. Lord Inchcape, in those days a very prominent figure in the

public life of India advised various associations all over India to memorialise the Parliament that gold standard and gold currency was the demand of India and I think the Honourable the Finance Member would find it very instructive to read those memorials. Two Members of the Hearschell Committee appointed in 1894 said the same thing. They said 'if Government are to reduce the rupee from its full value, they must give gold standard and gold currency to India.' I realise that a good deal of water has flowed under the bridges of Indian and world condition since then. But if the Government of India must play with the people of India in the manner that they did in 1927—and certainly the late Finance Member and then Legislature acted wrongly by the people of India—then it is no wonder that the people of India clamour for and say that nothing else would satisfy them than gold standard and gold currency. The Government misled the people in 1927, conveyed to the Members of the Assembly a wrong lead about the ratio and to-day the people will be satisfied with nothing less than gold standard. What is the justification for not giving this to India ? There is gold standard even in Indo-China and even China aspires to it as we have been told recently. There is no justification for withholding gold standard from India. Need I say more ?

I fully realise that the resolution as it is worded is a very outspoken one. But it is based on facts. A few days back the Committee of the Indian Merchants' Chamber of Bombay addressed an equally frank letter to the Government of India I do not know whether that letter has been published in the Press before now or not. But I feel that the wording of that letter should give the Government of India very serious food for thought. Unfortunately, Sir, that letter has been addressed to the Secretary of the Finance Department, but it contains observations not only regarding the Finance Department but about another department, I mean the Commerce Department too. I have ascertained from the President of the Indian Merchants' Chamber, who is here to-day that that letter was intended to be addressed to what in Provincial Governments we would call the Chief Secretary to the Government of

India and not to any one Department only. I think the correct addressee for that letter should have been the Private Secretary to His Excellency the Viceroy, because that letter deals with the frank opinion of the body which addressed it, namely, the Indian Merchants' Chamber, regarding the genera situation as it exists to-day. Now, Sir, if a letter like that can be addressed, or if things have come to such a pass that a etter like that has to be addressed by a Committee of a body which has been in existence for over 25 years, offering suggestions to Government, if such a letter is found necessry to be addressed, what is the obvious conclusion to be drawn by the Government from it? The obvious and the only conclusion to be drawn is—the Government need not take exception to a strong word here or there, if they do not agree—but the correct inference to be drawn from that letter is and should be that this body feels somewhat upset with the conditions as they see before them and they have sent out a warning, which they felt they would be wanting in their duty to the Government if they had not sent out at this juncture. That warning, Sir, is that not only is everything not right, but most things appear in the economic sphere, in the industrial sphere and in the commercial sphere to be going wrong and unless the Government radically change their policy and substantially begin to take a review of the situation and devise methods which would prevent further depreciation, the confidence of the people in the Government will be very rudely shaken. This particular resolution says the same about the currency policy, but both the letters I have refered to and this resolution are indications in one common direction, namely, the direction of *action* now, and, not mere words, action in a manner which would remedy the wrong which we have been suffering from and not merely lip sympathy. It is true that as a result of the political reforms, which we are all looking forward to, thanks to the great efforts of His Excellency Lord Irwin, a substantial change in the policy may be possible with our vote, I hope within the next year or two. But that delay is most dangerous. Within the next year or two the course of events will not wait because reforms have not come on and reforms cannot be decided upon immediately. Can it

be the intention of His Excellency the Viceroy and of the Government of India to let things drift from bad to worse in the commercial, industrial and economic spheres of India in the mean time? It cannot be and it should not be so. But if it is tolerated to be, it may very badly shatter India, which may be asked to decide the political destinies after the next twelve months. It is this which we are anxious to avoid, it is this danger which we think our duty to point out to the Government. It is in the interest of the bigger and broader questions with which His Excellency Lord Irwin has identified himself, so creditably to himself and so much to our own great relief, that this Resolution requires the most serious and anxious consideration which the Government of India can give to it. I can assure the Honourable the Finance Member that this is not put forward in any spirit of carping criticism or anything like it. It has been put forward by the Federation for two reasons. Firstly, to acquaint the Government of India with our feeling on the conditions which prevail in the commercial circle and secondly, to acquaint the Indian commercial community of the views of that body as a whole. I want this Resolution to be construed and to be understood in that sense and in that sense alonea nd I do hope that the Government of India and the Honourable the Finance Member will recognise this—if I may use the word—friendly effort made by the Federation in order that there may be no mistake regarding what we think of the conditions as they prevail to-day. It is in such a spirit and it is with such a motive that this Resolution is moved. If it were not considered to-day the member-bodies of this Federation would have felt that the Federation has evaded its correct duty at this juncture and I do hope that the Resolution will be understood in that spirit and acted upon in the only spirit in which the minds of the people can be consoled at this moment, namely, of action and effective action without delay (hear, hear).

Mr. M. Jamal Mohamed Sahib (S. I. Chamber of Commerce: Madras):—

Mr. President and Gentlemen, I have great pleasure in supporting the Resolution so very ably moved and clearly propounded by my esteemed friend Sir Purshotamdas Thakurdas. I may be permitted to say that no one in the country has made a better and a more thorough study of the question than Sir Purshotamdas and none is better fitted than him for representing and reflecting the views of the people on the subject. Coming after him lightens my task in a way and I have not much to say on the matter.

This is one question on which there are no two opinions amongst the people of the country. On this question the people have got an unanimity and intensity of feeling. The reason is clear. The facts are there glaring and staring at us in the shape of diminished production, the consequent falling of exports, the dwindling balance of trade, the depression in trade, commerce and industry, stringency of money and discontent amongst labour, all mainly—I say mainly—brought about by the present unnatural exchange ratio.

It is true that the people wanted stabilisation of the exchange ratio, but that did not mean stabilisation at the present unnatural level causing all these evils. That the present ratio is an unnatural one can be seen from the fact that it is a hard job for the Government to maintain it even with the dissipation of the precious reserves of the country. Further if it had been a natural one warranted by real adjustment of prices there can be no such depression as we are now experiencing in the country in all spheres. When at one time previously the Government fixed the ratio at 1s.4d., the rate was ruling at that level. It may be said that the *de facto* rate was 1s. 6d., when the ratio was fixed at 1s. 6d. in 1927. But the difference between the two cases is this, and I want to emphasise it, the latter rate was brought about by a series of artificial manipulations by the Government. They fixed it at an unnatural rate once before, that is, at 2s.—against the expressed wish of the people. What was the result? They had to throw

it overboard, after much costly experiments. I think in this case also they will, at a time not far off, be obliged to renounce the 18 pence ratio by themselves, by force of circumstances; but it may then be too late for the country to recoup all the damage done to her economic position, while it can be done now with advantage to the country.

I look with great apprehension and concern at the failing balance of trade. In striking the said balance we should take into consideration only the merchandise exported and imported; for, the import of treasure is itself influenced by the balance of trade. In that way the average annual balance for the three years from 1923-24 to 1925-26 was 148 crores, while for the next three years it was such a low figure as 81 crores. I fear that even this much shrunken figure may not be reached this year. I attach great importance to the favourable balance of trade. The reason is this. India has got liabilities to meet, I mean the Home Charges, amounting at least to 40 crores per annum. There are moreover the earnings of foreign companies and other private remittances and so on. Then there is another great item, I mean the jewels for which the people want precious metals worth about 40 crores annually. This may be an evil social custom; but it is there and one cannot help it. In all we must have a minimum of 100 crores to meet all these things Over and above this we want money for the requirements of commercial and industrial purposes in which matters the country is still in its infancy and has yet to make very large expansion and progress. For all these the country must have a big balance in its favour. Anything which effects this balance affects the vital interests and prosperity of the country.

There seems to be an opinion that the large balances in the years 1923-24 to 1925-26 are due to good monsoons and good demand after the post-war depression. I am not prepared to deny totally that these might have been contributory causes to some extent but they were not at all the main causes. There have been good monsoons at other times and there is still the world demand to-day. A careful study of the aid-

war trade figures leads one to think that those three years represent more or less the normal state of affairs and I am inclined to think so. We can safely take the normal ratio of exports to imports as 60: 40. The ratio for the five years from 1905-6 to 1909-10 is 60: 40; that for the year 1910-1911 is 62 : 38. The figure for the above mentioned three years, that is 1923-24 to 1925-26 is 62 : 38. Where is the abnormality about the last mentioned three years? Then, the ratio for the three years from 1926-27 to 1928-29 is 57 : 43. If there is any abnormality at all it is here.

The present exchange policy vitally affects the labour also. When agriculture, industry and commerce are in a bad way, how can labour prosper? When the former are well-off. it will naturally result in more work and better wages. Unde, adverse circumstances similar to the present ones, the amount of work and wages will naturally go down. It is easy to raise the wages but not so easy to reduce them. The labour does not understand that the reduction is the natural result of the adverse state of industry and there springs disaffection amongst them. I venture to say that the primary cause for the labour discontent is the exchange policy pursued in the country.

It was also said that the higher ratio was for reducing the cost of living of the poor and middle class people including the low-paid Government officials. Some were at the beginning misled by this into thinking that 18 pence ratio was really a good thing. But it is a misconception, to say the least. In India the producer and the consumer cannot be separated; the consumer is also a producer. I consider the Indian more a producer than a consumer as he produces more than he consumes. But in countries like England it is different, so, what applies to England in this sense does not apply to India.

Now, to lower the cost of living you have to lower the value of the production of the country. By this process, when you want to lower the price for a portion of your production you bring down the value of the whole production. That

means the diminution of the wealth of the country. Hence the depression in agriculture, industry, etc. It was never so dark and gloomy as at present with no redeeming feature at all about it. As far as I know, no civilised country has ever attempted to put down the cost of living by pulling down the wealth and the earning capacity of the people. The present cost of living is more than what it was 25 years ago and will be still more 25 years hence. The proper method in such cases would be to raise the earning capacity of the people so as to enable them to spend more. If necessary, the salary of the low-paid officials should be increased. This will certainly be possible with an increased revenue which will be forthcoming as a matter of course, if the agriculture, industry and commerce of the country are prosperous. This is the correct and only way of solving the problem.

I have to say, Sir, that the fiscal policy of the Government is estranging, as nothing else has done, the feelings of also the business people and the landholders and makes them hesitate in taking the good-will of the Government for granted. The people are indeed prone to forget the past. But unfortunately the hard pinching facts begotten by the past are still there getting worse and worse almost every day and frightfully staring them in the face, making them unable to forget. I implore the Government therefore to save the vital interests of the country by promptly righting their fiscal policy and thus to rally round the people.

I have nothing more to add and I heartily second the Resolution for your kind approval.

The President:—I think it will be better if I ask the Honourable the Finance Member to reply after both the Resolutions have been moved, because the subject-matter of these two Resolutions is so interwoven that it will be better if we have one general reply from the Finance Member. Therefore before I ask Sir George Schuster to make his observations, I would ask Mr. Mehta to move the second Resolution, which is about the sale of silver.

Mr. Chunilal B. Mehta: (*Bombay Bullion Exchange*):—

Mr. President & Gentlemen, I move the following resolution:—

"The Federation views with alarm the serious depreciation in the value of silver caused by Government Sales, which has seriously affected the value of the savings of the masses in India. The Federation considers it imperative that the Government of India should stop the sales of Silver".

Gentlemen, while speaking on the resolution about the ratio, Sir Purshotamdas has touched on this subject of sales of silver also. There are different aspects of this subject. I will first deal with the policy of selling silver by the Government in London instead of in Bombay. The Bombay Bullion Exchange has removed the discount on Bombay Mint Bar Silver in order to facilitate the Government selling silver in Bombay. I do not see why the Government should have selected London to sell their silver when, in Bombay, they have the biggest and broadest market in the world. In London, the silver market consists only of 4 brokers, who meet together at a fixed time and in the light of buying and selling orders in their hands, fix the price of silver for the day. If there are more orders for selling than buying, lower price is fixed. And at that fixed price all business in the hands of those four brokers is put through. There is no fluctuation and there is no business at different rates than those fixed. On the other hand Bombay is a full time market and business can be profitably put through at any time throughout the day. London is neither a producer nor a consumer of silver. Since past many years the Bombay Bullion Market has acquired an international reputation and America and China are directly dealing with Bombay now. The honesty, business integrity and financial standing of the leading bullion brokers of Bombay are comparable to any one in any part of the world. It is an erroneous belief that the business in London can be kept confidential. If it is so, I cannot understand how the London Press came out with the news after the first sale of 9 million

ounces was completed but before the official *communique*. In the matter of price also we know thoroughly well that the Government had not the advantage of better rates in spite of their sale in London. Moreover, the adjustment of prices all over the world is so quick now-a-days that it is futile to go in search of a foreign market.

On 4th September last year answering an interpellation in the Legislative Assembly, Sir George Schuster said that "*Indian silver will be made available in India*". Mark the words, Gentlemen, there is a vast difference between the expression "will be sold in India" and "will be made available in India" We had also made a representation to the Honourable Finance Member when he paid a visit to the Bombay Bullion Exchange last year. He then said that he would consider our represent ation but until now the consideration is not given. Having all the facilities of a broad, active and continuous market, with consumers near at hand and with reliable and sound brokers and merchants available, I think the Government should not have selected any place other than Bombay to sell their silver.

Adverse Effect of Low Prices

Another aspect of the sale of silver is the tremendous adverse effect on the silver investments of the masses due to the heavy drop in silver prices. To the people of India investment in silver is very popular. Due to old established custom our people have been putting their savings in silver from time immemorial. The custom has the belief behind it that investment in silver is such that its value could be realised without much loss at any time. Whether this assumption was right or not, whether the action was prudent or not, the fact remains that if a census is taken today of the total silver holdings by people the total amount will run into several crores of rupees, probably not less than Rs. 300 to 400 crores. What has happened today is that all these silver investments have depreciated by about 33 per cent. during the last few years. In other words the country has lost one third in the value of its entire silver holdings. Believe me, Gentlemen, that if to-day the price of

silver be Rs. 70 or 75 instead of 46 the rural population would fee lmore comfortable and would be in a position to hold their raw products instead of throwing as at present on the market at ridiculously low prices. Unfortunately no action has been taken and no care or attention has been bestowed by the Government to protect the investors in silver.

What is the principal reason for this state of affairs? The Hon'ble Finance Member has said that the fall in the price of silver is due to selling by China and Indo-China and to demonetisation. Gentlemen, I say that the present unprecedented low prices of silver are mostly and mainly due to the programme of the Government of India to sell a huge amount of silver.

Messrs. Sharps & Wilkins, a prominent firm of Bullion Brokers of London write in their Annual Bullion Circular dated 16th January, 1930, as follows:—

"In spite of the fall in rates the over-sold position in London was never really important. On the other hand a heavy substantial China 'Bull' account has existed".

Gentlemen, this shows that China had substantial forward purchases in London.

Again Messrs. Shargs and Wilkins further write as follows:—

"From the various details availab'e, it seems reasonable to suppose that the total supplies of silver during the period under review, from the ordinary production and also from such outside sources as the demonetisation of currency can be estimated as approximately the same as in 1928. The absorption of the metal by China compares very favourably with the record figures of the previous year and the requirements for general trade and coinage purposes will probably be found to show no important reduction." They further say: "The demand has already commenced to be adversely affected by the knowledge that the Indian Mint were erecting a refinery in Bombay for the purposes of dealing with their surplus stocks of rupees, which was common talk in the bazar for some time

before it became an accomplished fact, left no doubt as to the intention on the part of the Government to continue the sales of silver, which tended to create in India a pessimistic feeling towards the ability to maintain the price."

There is no mention in the circular about Indo-China having sold any substantial amount of silver.

As regards demonetisation, I say that demonetisation has been in active operation since long and sales of such silver is rather decreasing. Messrs. Sharps and Wilkins write in this connection as follows:—

"The demonetisation of silver coins by Continenta Governments has continued to a reduced extent, the receiptl from France, the principal source of supply, showing a reduction of approximately oz. 2,000,000 when compared with 19 28

Absorption by China

I now come to the huge absorption of silver by China The average absorption of silver by China prior to 1928 has been 75 million ounces a year. At that rate, during 1928 and 1929, China should have taken 150 million ounces. But actually China took 265 million ounces during the two years, 1928 and 1929. It means that China has taken 115 million ounces more than normal. On the other hand, demonetised silver sold during the two years, 1928 and 1929, did not exceed 100 million ounces. It can be seen that the whole of th- demonetised silver and some thing more has been acquired bA China and yet prices have dropped and are dropping. Theree fore, the present low prices of silver are mostly and mainly due to the programme of sales of silver by the Government of India.

Advantage Taken by Operators

Gentlemen, I may say that in the speculative markets the effects of actual sales and purchases pass off quickly. But the knowledge that something is to happen keeps the market in suspense and makes the speculators anticipate the

future course of prices. Shrewd financiers, merchants, operators and speculators never lose an opportunity to take advantage of such situation. The Hon'ble Finance Member may be aware that the first in the field to sell actual silver was the Hongkong Bank. In the middle of 1926, that is, before the publication of the Currency Commission Report, the Hongkong Bank sold about 10 million ounces of silver in London market at the level of about 30d. per ounce and shipped silver from China to London. This shipment of silver from China to London was the first of its kind after many years. There were no trade or exchange developments which required such sale and such shipment of silver from China. Then in August, 1926, came the publication of the Currency Commission Report and the silver prices in London declined to about 28d. The world speculators began selling forward silver and to-day the price in London is 20d., a decline of 33 per cent, during 3½ years.

To my mind the world silver operators, Indian, Chinese, Japanese, European and American, have made profits of about Rs. 10 crores by selling silver "Short". The profits are made from a probable and coming loss of at least Rs. 100 crores to the Government of India and the silver producers of the world. And it is clear that nothing will frighten and discourage the speculators from continuing their short sales of silver as long as the sword is hanging over the silver market in the form of the programme of the Government of India to sell silver.

Sales Unwarranted

This decline in the price of silver commenced with the publication of Currency Commission Report. The Currency Commission recommended to the Government of India to adopt the Gold Bullion Standard and for this purpose to sell silver and to accumulate gold. But the Reserve Bank of India Bill has not passed through the Assembly and therefore that portion of the recommendation of the Commission for the establishment of the Gold Bullion Standard for India has not come into operation. In other words we are to-day not yet on the Gold Bullion Standard prescribed by the Currency Commission. In these circumstances, the statutory powers of the Government

of India in selling silver are not precise. Sir George Schuster replying in the Assembly has said that under Section 19 of the Indian Paper Currency Act X of 1923 the Government have full power to vary the form of the Reserve. Gentlemen, this is not varying form. In the case of silver sales it is clear that the melted coins realise only half the amount and thus the other half which is a pure loss remains without a cover. He has further said that the difference between the nominal value and the bullion value is supplemented by Treasury Bills. Gentlemen, Treasury Bills issued to the public are paid for by the public but the Treasury Bills, placed in the Currency Reserve by the Government, are not paid for by any one and as such they are *ad hoc* securities. I say this is not merely varying the form but a fundamental change.

Not a 'Nominal' Loss

Sir George Schuster while replying in the Assembly has described the loss on sale of silver as 'nominal' loss. With full respect to the Hon'ble Finance Member I say that the loss could not be nominal but a substantial one. To my mind if the Government is going to carry out the whole programme of selling silver, the loss will not be less than Rs. 50 crores; is this 'nominal'? Further, are Government going to create *ad hoc* securities of this volume? We wish the Hon'ble Finance Member will be good enough to inform us his estimate of the loss from sales of silver and how it is going to be met.

Confusing the Issue

One point more, the Hon'ble Finance Member has said that the Government consider the assets held in the Paper Currency Reserve combined with those in the Gold Standard Reserve represent a satisfactory Reserve. Gentlemen, Gold Standard Reserve is not a part of the Paper Currency Reserve and no Note is issued against this Gold Standard Reserve. Therefore, the issue should not and could not be confused by mixing up the Paper Currency Reserve with the Gold Standard Reserve which are two distinct things with different purposes. Am I to understand that without the Gold Standard Reserve the assets

of the Paper Currency Reserve do not represent a satisfactory reserve? The question of replacing silver reserve by gold or gold securities has nothing to do with the adequacy or otherwise of the Reserve. Further is it to be understood that the Gold Standard Reserve will not be utilised for any other purpose except for strengthening the Paper Currency Reserve?

Silver Not Fully Replaced by Gold

The Hilton Young Commission has laid down that the Silver when sold should be replaced by Gold. On 7th June, 1927, Gold and Gold Securities in the Currency Reserve were about 32 crores rupees. On 31st December, 1929, the total figure was about 34 crores, an increase of 2 crores only. The sale of silver during the period is about 60 million ounces which would have fetched about Rs. 8 crores. This clearly shows that the proceeds of Rs. 8 crores got from the sale of silver are not fully utilised for acquiring gold. We have seen that the loss in the sale of silver is covered only by *ad hoc* securities. Moreover, the actual proceeds realised by the sale of melted rupees are frittered away and not utilised for purchasing Gold or Gold Securities. This process should not continue. Otherwise it would lead to a repetition of the war-time situation and the Government may not have adequate silver or gold to meet the rush for coins in exchange for notes, should such a situation arise.

Import Duty Detrimental

From some quarters suggestions have come that import duty should be imposed on silver. Gentlemen, let me say that the remedy is worse than the disease. The imposition of import duty on silver will fictitiously raise the internal price of silver but the external price will decline to that extent from which the white metal could never recover. India is vitally interested in high prices of silver in the international market even if we are to adopt Gold Standard.

The Government of India in their memorandum submitted to the Currency Commission had suggested import duty on silver. The Currency Commission while rejecting the suggestion have observed as follows :

"In our opinion, however, the efforts to maintain domestic price of silver (*i.e.*, by import duty) irrespective of world price would probably fail. There has always been a considerable trade in silver over the land frontiers of India: and apart from the difficulties of attempting to exclude a valuable metal from a wide frontier, if people who are accustomed to do that trade were to find that the value of silver in the outside world was very much below the value in India, it would probably affect confidence in the value of silver in India itself. In the case of an article which like silver is largely kept as a store of value, the influence of opinion on its value is extremely important.'' In the light of what the Currency Commission has said it is clear that import duty on silver is both inadvisable and detrimental.

Remedy

What is the remedy? The remedy is to drop the programme of silver sales.

The effect of dropping the programme will be magical not only on silver prices but also on the general economic conditions of India, China and the world.

Though the amount of rupee coins in Paper Currency Reserve at present is large it will reduce slowly and automatically within a few years because firstly no new coins are to be minted and secondly by the normal disappearance from circulation.

The normal disappearance of rupee coins from circulation had been about Rs. 10 to 12 crores a year. But since last two or three years this disappearance has not taken place. On the country during this period there has been a flow of rupee coins into the Paper Currency Department. This is taken as due to the increased popularity of notes. I think this return of rupee coins is more due to bad economic circumstances of the masses forcing them to fall back upon their reserves and also to want of confidence in the intrinsic value of the coin. This return of rupee coins will cease and normal disappearance will begin once when the masses will come to know that the ntrinsic value of the rupee will improve.

Gentlemen, we all know that the present Finance Member has to continue the policy on the lines laid down by his predecessor. But when it is found that the policy laid down works against the best interests of the country, it is better and prudent to take courage and to lay down a new policy before it is too late.

With these words, Gentlemen, I propose the resolution.

Lala Shri Ram: (Delhi Factory Owners' Federation):—Sir, I second the resolution moved by Mr. Mehta. I will not take up the time of the House by making a speech as we wish to hear Sir George before adjourning for lunch.

President:—I now request Sir George Schuster on your behalf to reply to the observations made.

The Honourable Sir George Schuster:—Mr. Chairman and gentlemen, I must confess that I feel I address you at some disadvantage. I come down here almost alone to represent my case to an audience which makes me feel something like "Daniel in the lions' den." I also have a very long case to deal with and the time is short. The ten minutes rule has "gone west" this morning! And indeed I do feel it necessary to deal at some length with certain of the points, and for this reason. The thing which strikes me most in what I have heard this morning and indeed in all the talk that one hears going round India on these subjects which we have before us to-day is this:-We hear so very much general talk—it is so easy to make these general statement—but we hear so little based on an accurate study of statistics and a stientific review of the economic causes and forces that operate in India. I make no apology for saying this in answering my friend Sir Purshotamdas Thakurdas—because he above all others is one who has pressed for better information on these economic subjects. I feel that we specially need such information now when we are oppresed with the evil conditions which India is suffering from to-day. For although I would never atempt to deny that we are oppressed by such conditions now, I do think we are apt to forget that India has been through similar times before. If you cast your eyes back ever the history of the last generation, say, 1907 or the times

since the War which most of you know so much better, you will be able to recall to yourseles times when things were worse than they are to-day, and when you did not have this ratio problem before you. But now every evil is put down to that cause, and I feel that there is a very great danger in the state of mind which this controversy has created. Therefore I make no apology in trying to call attention to one or two facts and statistics, not because it is possible for me to present anything like a complete case to-day, but because even a few figures may help to show the problem of to-day in its proper context and in its proper proportion. Now, I should like—indeed, I feel that I must,—to say something about the case which your Chairman presented to you yesterday. He painted a very gloomy picture; he has depicted India as a country struggling in the depths of depression, labouring under a burden of foreign indebtedness which she cannot support—a burden which, he has told us, will go on increasing rapidly from year to year, and eventually crush her altogether unless drastic measures are taken in time. I feel the picture which he has drawn is a misleading one. I think he has done service in leading up to the final conclusion which he has reached, but I want to say very clearly that I disagree with his arguments, and I feel that in his statement there were certain things which presented an inaccurate picture of the true state of affairs. Let me take one example. He said, for example, that "the large imports of wheat and of rice from foreign countries during the last four years are a new and, I may add, an alarming phenomenon in the history of India." Now, the facts are that the import of rice from foreign countries is trifling in amount, the total value for the four years ending 1928-29 being about Rs. 173 lakhs, while the value of the exports of rice during these years was about Rs. 130 crores. If one looks further into the figures for rice, I think they are very instructive because in order to gauge India's economic progress we must go back over a generation and not merely look into the figures for the last two or three years. The average total production of rice for the five years from 1900 to 1905, that is, if we go back a generation, was 21½ million tons, and for the five years from 1922 to 1927 the total was 30½ million tons. Exports for the earlier period averaged 2,070,000

tons, and for the latter period 2,225,000 tons. The net consumption in India therefore increased from about 19½ million tons in the earlier period to 28¼ million tons in the latter. That is an increase of 45 per cent in the consumption of rice during a period when the population only increased by about 9 per cent. That, I think, shows an improvement in the general standard of life. Now, take wheat. The figures for the last four years, which our Chairman told us caused him such anxiety, are:—

1925-26	net export	4	crores	54	lakhs
1926-27	do	3	,,	36	,,
1927-28	do	4	,,	60	,,
1928-29	net import	5	,,	26	,,

Thus, it was only in 1928-29 that imports exceeded exports, and that was a phenomenon obviously due to very exceptional circumstances, the failure of the *rabi* crop in Northern India and very excessive crops in Australia, the chief wheat producing country. I am going to deal with wheat statistics again later, so I will not say any more on that subject now. Then your Chairman went on to consider the foreign liabilities, and on the basis of certain estimates made up by private individuals he gave a very gloomy picture. Now those estimates, the estimates of capital investments, are extremely difficult to make accurately, and those estimates quoted by your Chairman are, as I say, made up by certain private individuals. Estimates of that kind have their use for purposes of comparison and are of certain value provided that the estimate in each case is made up on the same basis. But the estimates that we had put before us we do not know on what basis they were arrived at at all. The Chairman told us, for instance, that Sir George Paish estimated the total British investments in India in 1910 amounted to £365 millions. Those that Mr. Findlay Shirras prepared for the Industrial Commission, I think in 1915, arrived at £447 millions. Then he gives the official figures arrived at by the Associated Chambers of Commerce, namely, £ 1,000 millions. Now, as regards the last figure I have not the least idea how it was made up. I think it is fair to say that it was not more than a mere guess, and it is not correct to take these three different figures and

point to an enormous increase because, as I say, the estimates may all have been prepared on quite different data.

I have as a matter of fact taken the trouble to inquire from Mr. Findlay Shirras how he got his figures and he has told me that this figure did not refer to foreign investments only, but to Indian and foreign capital investments in India, but excluding certain types of investments—paid up capital of exchange banks and foreign insurance manufacturing trading and other companies. There are, I think, certain figures which do give us a guidance on this question. As I say, I wrote to Mr. Finnlay Shirras after the Chairman was courteous enough to send me a draft of his speech, and Mr. Findlay Shirras says that he placed the figure of British capital investment in India somewhere in the neighbourhood of £ 500 millions, as compared with the £. 1000 millions quoted by the Chairman; and that agrees fairly closely with the estimates prepared on another basis in the League of Nations' Reports on the balance of payments. They have investigated the balance of trade in various countries. In their 1927 Report, interest and dividends paid on Government and municipal debt and foreign capital invested in India is put at the following figures: —

1923-24—35 crores.
1924-25—35 crores.
1925-26—33½ crores.

At 5½ per cent, that would represent investment an of £470 millions.

Again, the Chairman in his speech calculated that the Home Charges of the Government of India; excluding interest on the capital expenditure and repayment of debt, amounted to Rs. 23 crores. I worked out the figure for 1928-29 and the actual figure was about Rs. 14 crores. Now, taking the League of Nations, figure for interest payments and my own figure which I know, is an accurate one for the other Home Charges apart from interert, the annual liability for remittances abroad comes to well under 50 crores, that is to say, a good deal less than half of the figure to which the Chairman's calculations

led him. Taking a long view I have not myself the slightest hesitation in saying that the position of India is such that her trade can well support the burden of meeting these interest charges on foreign investments in India. From the figures given in the Report of the Controller of Currency it will be seen that the visible balance of accounts for the five years ending 1913-14 was on the average 42 lakhs against India, whereas in 1928-29 it was 1079 lakhs in favour of India. The obvious conclusion to be drawn from these figures is that India's foreign liability, far from increasing is decreasing now on account of the export of capital. These figures from the Currency Controller's Report do undoubtedly show a tendency towards export of capital. This movement towards export of capital is, in my opinion, one which at the present moment is not favourable to India; but it has at least this counterbalancing advantage that as the capital goes out so the foreign liabilities decrease and the burden of which your Chairman is so afraid is actually diminishing.

Therefore, when he talks to us of reaching the enormous figure of £4000 millions of foreign debt in 1952, I think he is conjuring a bogey from his imagination with which to frighten you, which will have and can have no existence in reality. I should like to put before the meeting some other figures which throw a very different light on the matter.

One of the most striking developments since the beginning of this century has been the increasing proportion of the rupee holdings of the home investments in the public debt of India. In 1900, out of total of 335¾ crores of public debt, the debt in England or the external portion, was just over 200 crores or about 60 per cent of the total public debt. In 1929, the corresponding figures were 1074 crores total and 470 crores in England, or only 43·7 per cent. The proportion of the external holdings had come down from 60 to 43·7 per cent. Practically the whole of the increase, about 740 crores which has been made in the public debt since 1900, is invested in productive assets; and of this 740 crores, 470 crores have been provided from Indian capital and only 270 from external capital—a complete reversal

of the previous proportions. In addition to this, it is probable, though I have no exact figures on the subject, that considerable amount of the sterling debt of India is now in Indian hands.

I think that gives one an interesting picture, and if on top of that one remembers—I refer to it with reservations because a good deal has been said about it—that India has been able to invest since 1900 £400 millions in gold and £350 millions in silver, I do not think that one can represent that India is a country which is now being loaded with a heavy burden of foreign debt or is unable to provide capital for her own development. I think it is true to say that there is no country in the world which has such a sound backing of productive assets against public debt as India has, and also there is no country in the world which has such a large holding of unproductive precious metals as India has. I know the difficulties of the subject, but as I have said before—and I must repeat it again—if you could only convert that investment in unproductive metals into an investment in productive enterprises, then not only could India do without foreign borrowings for the future, but within a generation the whole of the foreign debt could be repaid. when we refer to that fact I fully agree with Sir Purshotamdas Thakurdas in all that he said about the reasons for which Indians buy precious metals. I do not regard it as a thing that is liable to criticism at all. It is a form of investment—very reasonable form of investment. I think if one looks across the world to the United States and sees to what lengths the other type of investment has been carried, I am not sure that the balance of credit is not in favour of the simple Indian peasant who puts his holding into something of permanent value as compared with the highly advanced civilised citizen of the United States who nvests in speculative securities about fifteen times as much as the capital which he has got and creates disturbances from which the whole world including India is suffering to-day. I think there is a great deal to be said for the Indian peasant's way of dealing with his money. But there is a better alternative, a happy mean in between these two extremes, if it were

possible to convert the present habit of investment in precious metals into genuine investment in interest-bearing securities which represent productive enterprises in the country, obviously India would be enormously an economic gainer thereby.

I have said that although I disagree with the Chairman's arguments I agree with his final conclusion in the sense that every one must make a great effort to increase the economic productivity of India. Whether the best way of achieving that end is by a high protective tariff policy is another question. I will not proceed now to pronounce any judgment on a question of that kind. I would, however, commend to all who are interested in this subject a very interesting report which was prepared for Mr. Bruce's Government in Australia on the effect of the protective policy in Australia. It is a report which commends protection; the result of the report is to favour a protective policy; but the committee does point our the danger to which protection carried to undue limits can bring a country and the losses that it may involve; and in a country of predominantly agricultural interests such as India is now and indeed always must remain, there are considerations as regards protection which do not apply in other countries. As regards Australia it has been calculated by this Committee that the products of Australian protected industries cost the country £36 millions more than the sum at which they could have been imported free of duty and that the tariff increased the costs of production in the primary exporting industries by 9 per cent after taking into account Government assistance to these industries.

I now turn to the resolution which has been moved of which the main recommendation is that the whole of financial position, including the question of the ratio, should be reviewed with the help of a selected number of people interested in banking, commerce and industry. Now, I have many remarks to make about that, but I feel that it will be best for me to state my final conclusion at once. A similar proposal was put before me in December by the Indian Merchants' Chamber in Bombay. In my reply I said quite definitely that Government could not appoint such a committee, andthat there could

be no question of reconsideration of the ratio now. Inspite of this statement there still appears to be doubt in some quarters as to the intentions of Government. I therefore must repeat with all the emphasis that I can command, that the Government have not considered and cannot consider any departure from the basis fixed by statute in 1927. They will, on the contrary, and they must, use all the resources at their disposal for the maintenance of the 18d. rupee; and they have no doubt their resources are ample for that purpose. I feel that I should be failing in my duty if I left any room for doubt on that point. Subject to this, as I think you all know, I am ready at all times to listen to suggestions affecting the economic condition of the country and to do my utmost to meet those suggestions. If a committee is wanted to review the economic conditions I will make a counter offer and say, "By all means have such a committee; Government will help you all they can, provided it is understood that this question of the ratio cannot be reopened." I feel myself--you know that I do—it is hard for me to have to resist so definitely a demand on which some of you feel so strongly; but I feel I should be doing a very bad service to India if I took up any other attitude. All the speakers who have dealt with the subject have referred to the difficulties of the Government in maintaining the ratio they have referred to the costly policy which the Government has had to follow in order to preserve money rates and practically the rate of exchange. I feel that the greatest factor in the whole situation is a psychological one—a feeling of doubt it is a feeling which is stimulated partly by particular agitation here on this question and again by feelings of doubt in England as to the political future and the political stability of India. There is a great deal of doubt abroad. I feel that if we could once get clear and settle this question, if you on your side could once agree that this question could not be re-opened, a great many of those clouds of doubts will roll away and all these difficulties to which I have called attention, these particular difficulties, would disappear. I do not say that that is going to restore condition in India to-day to anything like prosperity, because we are suffering from world depression, but

that particular difficulty would disappear. As you blame me very often for this, let me in my turn blame you, and say that it is you people yourselves who are causing the greater part of these difficulties, and I feel most sincerely in my heart that you are doing India no service in this line of action. I do not deny that there is general depression at present, but if you make a calm and dispassionate study of the situation, what is there in the figures which can possibly justify this idea that everything is due to the fixation of Exchange? If you look at the situation since April, 1925, when the ratio of 18 d. just became effective, what do you find? Take the export and import figures. Possibly as is sometimes argued they may not be true indices of the prosperity of the individual agriculturist,—though I fail myself to see how they can avoid having an important bearing on his position,—but still even if they do not reveal to us exactly how the individual agriculturist is faring, they do give a picture of the economic position of the country as a whole. Now, a comparison of exports and imports for the four years 1921-22 to 1924-25 with the four years 1925-26 to 1928-29 subsequent to the fixation of the 18d. ratio shows that the average value of exports of Indian merchandise in the latter period exceeded the average value for the former period by about 15 crores, while the average value of imports in the former period exceeded the average value of imports in the latter period by 4 crores. That does not show an encouragement of imports and a discouragement of exports which, we are told, was the result of the fixing of the rupee at this rate. There are many other figures which I could quote, but they appear in many volumes; they are open to study by everybody.

I am often criticised for not giving facts and figures for the position which I maintain, but I think that the onus of proof lies rather upon those who take the contrary view, and I have never seen any convincing statistics supporting the view which has been argued before us to-day. The arguments are supported only on general statements as for example that one has only got to travel about the country to see that the people are badly off. I have no doubt that they are, but I have also no doubt that they have been equally badly off in the

past, and I do not think that one can decide this question on general statements of this kind, or unless they are supported by a scientific economic study of facts. My own contention is that the published trade statistics of the country, to some of which I have already referred, are convincing proof, and as I said, I could wish that they were more generally and more carefully studied. I have come to the conclusion on a careful examination of the course of exchange rates and trade since August 1921, which is the date since which the sterling as well as the gold value of the rupee were steadily rising, that exchange has been only a minor factor, more than often neutralised by stronger influences in determining the course of our imports and exports since 1921. I had occasion myself, in answer to a question in the Legislative Assembly in Simla, to deal with an example of this kind, which is particularly pertinent, I think, in view of what the Chairman said about the position of wheat. Taking the 10 years since 1919, in a normal year it was shown that India exports on balance about 200,000 tons of wheat, but there have been violent fluctuations dependent primarily on the result of the crop in India and secondarily on the result of the crops elsewhere in the world. In the ten years since 1919, there have been three in which India has imported wheat on balance:

In 1919-20	139,000 tons.
,, 1921-22	359,000 ,,
,, 1928-29	443,000 ,,

The first of these was a year of very high exchange; it went up to 2sh. 8d. The second was a year when exchange fluctuated between 1s. 3d. and 1s. 5d.—average 1s. 4d. The third was a year with exchange stabilised at about 1sh. 6d.

There have also been two exceptional years as regards exports,—in 1923-24 when the balance exported was 636,000 tons and 1924-25 when the balance exported was 1,108,000 tons. In the first of these, exchange ranged between 1s. 4d. and 1s. 5d. The second was the year when exchange first came up again to 1s. 6d. fluctuating between 1s. 4¾d. and

1s. 6-1/16d. The best year, therefore, of all years as regards exports was the year when exchange came up to 1s. 6d. I think these figures demonstrate conclusively that it is the esult of the seasons in India combined with world prices that have been the main factors affecting the Indian wheat growers and *not* the rates of exchange. The same is true of all other commodities.

As regards internal trade, of course full statistics are not available, but the goods traffic earnings of the Railways do reflect fairly accurately the state of trade. Sir Purshotamdas Thakurdas has discounted them, but still I maintain that they are evidence until the contrary is proved. As I said, the goods traffic earnings increased from 65,28 lakhs in 1924-25 to 69,53 lakhs in 1928-29 in spite of reductions in rates of freight between 1926-27 and 1928-29 which are estimated to have cost 2,14 lakhs. Making a generous allowance for the effect of the openings of new lines, these figures do not certainly indicate that the internal trade of India is being crippled by the 1s. 6d. ratio.

Turning to industries, we know that industries are depressed to-day, but since 1924-25 there have been periods of great prosperity in many industries. The Jute Mills have done very well. Coal even now is one of the few cheerful features of the situation. The construction of new cotton mills since that date certainly does not give a gloomy picture of India as a whole, whatever the Bombay difficulties may have been. I do not think that it can be said on a study of statistics that industries have been affected by the 1s. 6d. ratio. But then it is often alleged that the purchasing power of the masses has been considerably reduced as a result of stabilising exchange at 1s. 6d. There again I would give some figures, the best that could be obtained, which will indicate that the allegation is incorrect. The consumption of piecegoods is generally taken to be an index of the purchasing power of the masses. In 1928-29 the total of the imports of piecegoods and production in Indian mills was about 3,830 million yards as against a post-war average of 3,027 million yards. Again, the Post Office Savings Bank

deposits increased from about 25,64 lakhs on the 31st March, 1925 to 34,49 lakhs on the 31st March, 1929, that is an increase of nearly 9 crores of 35%, while in the same period the amount of Post Office Cash Certificates outstanding increased from 13,12 lakhs to 32,32 lakhs, an increase of 19 crores. Such a large increase in savings of the people does not indicate that there has been any terrible falling off in the purchasing power of the people.

Now, I fully agree that these facts do not necessarily indicate that all is well with India. I fully agree that we have no justification for sitting down complacently doing nothing. I believe on the contrary that a great effort, I might almost say, a desperate effort, is needed by all who can influence affairs to improve the economic position of the people. Indeed it is one of the main reasons why I myself deplore the present atmosphere of political misunderstanding and conflict, of political mistrust, that it diverts peoples' attention from the things that really matter to the masses of the people in their daily lives, to political visions, which, so far as their own direct interests are concerned, are illusory and imaginary. This is also one of the main reasons why I regret the concentration of interest on this ratio question, for that again, I think, directs attention to the pursuit of what is really a Will-O'-the-wisp, diverting it away from the solid path along which real progress lies. I am in some difficulty to-day, because a great deal of the ground which I am covering I may have to cover again in my Budget speech, and therefore I cannot perhaps say all that I should like to say just now. There are, however, certain remarks which Sir Purshotamdas Thakurdas made, to which I might make some reference. He asked, amongst other things, what have the Government done to help towards the study of these questions. I think it is a pertinent question As a matter of fact, he knows that I have been very anxious to take up the suggestion which he threw out last year about the improvement of our statistical information that is a subject which has arisen in the course of these discussions. My own idea is that the study of these matters has been carried

further and better in the United States than anywhere else and we are actually now arranging that the Director of Commercial Intelligence shall visit the United States this summer and confer with Mr. Carl Snyder who is a statistician of the New York Branch of the Federal Reserve Bank. Meanwhile, a great deal of work has been started, and I could wish that I had time to digest and put before you some of the results that we have already arrived at in the special studies which have been going on in the Department of Commercial Intelligence this year.

Anyhow a move is being got on on that particular question Sir Purshotamdas Thakurdas in his speech made some references to our loan operations to which I must refer again, but before closing what I have to say on the ratio question there are just two or three more things which I would like to say. In dealing with this question I find myself always wishing that those who take part in the controversy would translate their arguments into terms of actual fact. Now, it is argued that if the rate were suddenly reduced to 1s. 4d. certain people would be better off. I do not dispute for a moment that certain people are in a position in which they would be better off, or that certain people can put themselves in a position to become much better off, if reduction in the old value of the rupee were brought about. But the world is unfortunately a place where you cannot get money for nothing. What one man gains is generally another's loss. Now, taking the normal conditions certain people would gain to the extent of the fixed payments that they have to make in rupees. They would gain by the reduction in the gold value of the rupee. But on the other side those people who have to receive the fixed payments would lose. Let us examine just two or three of the more important kinds of fixed payments that have to be made in daily life. Let us take interest on loans, taxes and daily wages. In considering those who, it is said, are the most hardly hit by the present ratio, the common instance to take is the poor agriculturist working on his own account who has to make fixed payments in interest and

taxes and who, it is said, has to find the same number of rupees as he did before under this heading and yet gets only $\frac{8}{9}$ths of the number of rupees he would have got for the sale of his produce. Now, let us take interest. I fully agree that the real value of that burden would be lightened by a depreciation of the value of the rupee to the extent of the depreciation, but I do not agree that it would be fair to the creditor that that particular means should be taken of lightening the burden. Nor do I agree that that is the best and most effective way of achieving the result. Take the average rate of interest as 18 per cent. If you reduce the gold value of the rupee from 1/6 to 1/4, that is, by $\frac{1}{9}$th, the effective burden of the rate of interest after that would be 16 per cent instead of 18 per cent,—not a very big reduction. Are there no better ways of arriving at that result? I hope myself as a result of or as a sequel to our banking inquiry we shall be able to effect or it will be possible—I said we, though that is perhaps an unfortunate expression, because we ourselves can do nothing, and it has got to be done by everybody throughout the country—that the rate of interest paid by agriculturists throughout the country will be reduced from 18 per cent not to 16 per cent but to 8 per cent. That is the real way to effect improvement. Juggling about with the currency value of the rupee is not the way to alleviate a burden of that kind.

Then coming to the taxes. It is quite true that if the gold value of the rupee is reduced, it will reduce the effective burden of land revenue by one-ninth, but if the Government gets so much less from one heading, they will have to get so much more from another. All that you would do would be to achieve certain redistribution of the burden of taxation. If that is the object there are other ways of achieving the result far more effectively and far more scientifically than by arbitrarily altering the currency value of your unit of coinage.

Now, I turn to the last of the three classes of payments to which I have referred—wages. Again it is perfectly true

that if the gold value of the rupee is reduced by one-ninth the effective value of wages is also reduced by one-ninth, but is that what we are out for to-day? Is not every one agreed that the standard of living of the wage-earning classes in this country is miserably low? That surely is not the object of those who are pressing for this change. If it is, we are embarking on a very dangerous course, and every one knows that if that was the object it would be followed by labour troubles and eventually of course a readjustment of real wages and considerable loss in the process.

Now, I think it is quite fair to take those three examples because it seems to me they bring home what it is that we are really talking about. There is no magic in all this. This is simply a case of commonsense as to what you are going to do. You are going to reduce the value of fixed burdens and therefore benefit the man on whom the fixed burden lies. It is true you are going to do something else, and that is you are going to create a period, while the fall in value is taking place, of rising prices and if the prices of articles which you have to sell in the country rise more quickly than the price of what you have to buy, then there is a certain temporary advantage. It has always seemed to me that those who support measures of this kind labour under a great fallacy. It is not a *low* exchange rate that benefits anybody, for once prices adjust themselves the effect is jus the same. It is not a low exchange, I say, that benefits anybody. It is a *falling* exchange. I quite agree that during a period of falling exchange there is a temporary stimulus to trade but it is a stimulus which is in the nature of the taking of drugs. It is an unhealthy stimulus which does far more harm than good in the end.

For all these reasons I believe that the general clamour about the ratio is unfortunate and mistaken and that it is particularly unfortunate that whenever trade is bad or business enterprises unsuccessful those who suffer take the easy course of ascribing all their troubles to government policy instead of searching for the real cause and making a concerted effort to counteract them.

At present the main causes for depression are world causes, the nature of which is well known. The collapse of the American boom has resulted in a general slowing down o trade and industry and a fall in prices all over the world, a decreased demand for raw materials and commodities which India chiefly exports. India is suffering from this like other countries, though perhaps to an even greater extent because the prices of the commodities which India exports have bad a particularly severe fall. The effect of all this would be exactly the same if we were stabilised at 1/4, or at 1/6 as it is now and I wish that all members of this Federation who maintain that the present unprecedented depression is due to the presistence of the Government in maintaining the value of the rupee at 1s. 6d. would visit other countries and see for themselves that India is not alone in the depression which she is suffering from to-day.

Now, it is argued in the Resolution that the Government's policy of deflation is responsible for the depression. But these arguments never press home the connection and I think the effects of the Government contraction have been greatly exaggerated because the whole of the facts are never disclosed or examined. I pointed out in my reply to the Indian Merchants' Chamber in December that the net contraction during the year ending November 30, 1929, amounted to Rs. 15,91 lakhs but owing mainly to a return of 14,68 lakhs of silver rupees from circulation, the net effect on the not issue had been a reduction of only about 2½ crores. I stated that the contraction effected did not seem to be more than was necessary to draw from circulotion excessive currency, and my estimate of the position has been confirmed by events since I made that statements. At the end of January, 1930, the cash balance of the Imperial Bank was nearly 1½ crores more than on the corresponding date in 1929, in spite of the fact that no expansion has been made this busy season. Now, the amount of cash held by the Imperial Bank is the ultimate test of the sufficiency of currency in circulation. Any person requiring additional currency can draw amounts due to him from a Government Treasury or bank in actual cash if he

desires to do so, and any such amount drawn in cash ultimately reduces the amount of the Imperial Bank's cash, as other banks hold little more than till money in actual cash and depend on drawings from the Imperial Banks to meet any large demand. The position is, therefore that the demand of the public for currency has been fully met in this busy season without the normal seasonal expansion. This is a clear proof that the contraction of the currency this year has not been excessive, nor can I bring myself to believe that the Government's policy in maintaining rates for money—which as the currency authority they have been bound to do—has actually contributed to the depression in industry. A seven per cent bank rate is quite normal for this season. It has been maintained in past years without in any way hampering industty. Industry is now depressed as a result of much more fundamental causes, because as I have said prices are falling all over the world and because local conditions are unfavourable.

Then the Resolution has used alarmist phrases and expressed fears that the present policy may cause first the dissipation of the gold resources, which it describes as "slender" at present held in the paper currency reserve and secondly the swelling of India's foreign liabilities. I must presume that these fears are based on the idea that underlay the Chairman's speech that India's balance of trade will not be sufficient to support India's external liabilities. But if the Chairman is right, then no stablised rate of exchange could be maintained. The difficulty would be as great at 1/4 as at 1/6. The Chairman has clearly seen this and although I do not agree with his premises I think that his argument is much sounder than that which is implied in the terms of this Resolution. He says in efrect "India's surplus balance of exports over imports will not be sufficient to meet the interest on India.s foreign capital, if in future that interest is going to be withdrawn from the country and not reinvested in it." I do not agree with him but am merely stating the position which he has taken up. "Therefore" he says, (and I think quite correctly) "we must increase our balance of exports". That is a sound and logical conclusion. It is far sounder than the

conclusion implied in the Resolution which says "reduce your rate of exchange". Such a course could not possibly do more than stimulate exports during the period of falling exchange and until internal prices had adjusted themselves to external values. Once that adjustment had taken place, the difficulty would be as great as ever, even if no adverse effects had been produced by the reduction. As a matter of fact it is impossible that making the change could be achieved without producing effects of a disastrous character. My friend Mr. Mehta has told us how it is anticipation that governs the actions of commercial people, and I quite agree with him. It is certain therefore that during the whole period of the anticipation, and the accomplishment, of the fall there would have been a heavy export of capital which would have more than off-set any increase in the favourable balance of trade created by the temporary stimulus given by the falling exchange to the export of commodities, while the result of a deliberate departure from the statutory ratio—which would be regarded by all the outside world as repudiation—would so have shaken confidence that it would be almost impossible to stop the process once begun. In the present period of political uncertainty the Government has one paramount duty, and that is to maintain confidence in the economic stability of India and in the financial integrity of the country. If that is broken, the future is black indeed. It is for that reason, that I have been forced to say that there can be no question of re-opening the ratio and that the Government will use all the forces at their command to prevent the repudiation of their statutory obligation.

The Resolution talks of the gold reserves as "slender." I cannot accept this description. In the present political uncertainty every Finance Member would of course wish to have as strong a gold reserve as he possibly could, but our reserves are actually very substantial. The holdings in gold and gold securities amounted at the end of January to 88·37 crores, or just under 50 per cent of the outstanding note issue. The Bank of England holding of gold coin and bullion in their issue department on the 8th January represented only

36 per cent of the note issue. This is not an unsatisfactory comparison and in spite of the difficulties of the present times I feel that we can face them with confidence. I could indeed face them not only with confidence but with cheerfulness, if I could feel that we could all pull together, and make a great effort to improve the material prosperity of the country.

The last part of the Resolution urges the establishment of a real gold standard with a free mint and gold currency. That is an idea which has obvious attractions but I think as the time is getting late I will content myself with a rhetorical question "Is it really practical politics now." We have other things which we must tackle first.

I must now say something as regards silver, but I propose to be very brief. Sir Purshotamdas Thakurdas has told you that I am actually in discussion with him on this question. I think I can go so far as to say this, that the present position of this silver market does cause the Government very serious concern, and I think that the conditions are such that the Government are forced at least to reconsider their policy as regards silver. I think that is as far as I can go at present. This is one of the questions on which I feel that I must pay attention and give weight to strong expressions of opinion from commercial circles in India. It is very difficult to see what effective action the Government can take except, of course, the easy line of saying that we will withdraw from selling silver on the market. That may be quite possibly the right line to take. I do not want to say at present that it is not, but I would ask you to realise that there are two sides to the question. The Government is after all a trustee of the people, and as such, has an obligation to dispose on the best terms of public property which it holds. There can be no question that fo our currency purposes our present silver stocks are excessive As I said, we are in the position of guardians in the public interest and it is surely our duty to sell those surplus stocks on the best terms possible. At the same time we have to look, on the other side, to the public credit that might be affected by serious reduction in the value of a commodity which is held

so widely throughout India. But I would ask the member present at this meeting to realise that whatever action we have taken, we have taken definitely in the desire to serve the public interest, and so far I think it has been of value that we should have disposed of a part of our silver surplus. But, as I said in the beginning, I think the position now has become one in which the Government ought to reconsider their policy and I shall always be ready to discuss this with people to whom I can look to as representing Indian commercial interests in the matter.

Mr. Chairman, I am afraid that I have kept you very long. I have only a very few words to add in conclusion. I hope that I may be permitted to regard you, Mr. Chairman, as one of my friends and to say that I like you very much Laughter). But I would also add that I like you less in your role of Jeremiah than in your more normal moods, and I would appeal to you, Mr. Chairman, as one who speaks with great authority both from your personal position and by virtue of your office as Chairman of this Federation to consider whether it is really beneficial to spread abroad unqualified pessimism. In the United States, where business methods have been reduced to a fine art they realise that psychological factors count to a very great deal in business, and there in times of business depression it is customary for business men in main centres to get together and form what they call 'Sunshine League' to spread a spirit of optimism throughout the country. I do not know that it does very much good, because optimism is more difficult to spread than pessimism, but still it achieves something. Here I have felt at times that I have come down to a meeting of what I might call a 'Black Clouds League'. The clouds may be black but I do not believe myself that they are so black as they have been painted to-day. I believe that we can find a way through our difficulties and I do feel that if we can pull together on what I regard as the sound lines--I mean working the things that are really going to alter the fundamental conditions of the country,- then I believe that we can achieve much. Speaking for myself, if I could take even a humble share in such an effort of co-operation, I

should feel that these times of anxiety and responsibility, spent in an atmosphere of universal criticism, far from one's home, have not been spent in vain. (Loud Applause).

The President:—I think, Gentlemen, we have to adjourn now because Sir Purshotamdas Thakurdas wants to say a few words in reply to the arguments advanced by Sir George Schuster. I will also have to say a few words because Sir George Schuster has been kind enough to say a few words about my speech. I think we had better leave the debate at this stage and adjourn for Lunch. We will reassemble at 2.45 p.m.

Second Day's Proceedings, February 15, 1930—Afternoon Session.

The Federation reassembled after Lunch, the President—Mr. G. D. Birla in the Chair.

Sir Purshotomdas Thakurdas (Indian Merchants' Chamber, Bombay):—I fully realise that speaking as I did at the length in the morning, I must not bore the House much. I assure the House that I will not take more of its time than is absolutely necessary to touch upon the few points which I think require a little reference in reply to the Honourable the Finance Member's remarks. I feel, Sir, that although we may not fully agree with most of what he said, there is no doubt about it that we appreciate his saying what he did here because it all helps us to understand what the position is and in which direction the mind of the Government of India works. I will now take *seriatim* the points as I jotted them down when the Honourable the Finance Member was addressing the House. He said that the sort of depression which we have to-day and about which, according to him, we make so much is without justification. He referred to the year 1907. There is a great similarity between the two and it is because of our apprehension of what happened in 1907 being accentuated hereafter in still deeper colours that we give this warning to the Government of India. The year 1907 saw the culmination of the effects of the policy forced upon the country by the currency question, which disfigured the last few years of the last century. When the Honourable Member referred to the similarity between that period and the present one, I think he was right, but we remind the Government of India, let not the privations of that period be repeated and accentuated at this stage.

Then, Sir, the Honourable the Finance Member challenged your figure of £1,000 millions. I do not know whether as President here to-day when you are in the Chair, you can be partisan to a difference of opinion and whether you will like to take part in the debate. But that is a matter more for you to decide. However, I should like to ask the Honourable Member whether when the Government of India differ so radically in

that figure of £1,000 millions, which was indicated not by a private individual like myself or like Mr. Birla, but by that powerful body in India to which the Government of India always give weight and importance, namely, the Associated Chambers of Commerce, when that figure was put forward by such a body and further when that figure was in all seriousness put forward before the Simon Commission, did the Government of India write to that Commission to say that that figure was an exaggerated one and therefore they should attach no importance to it? I do not know whether the figure is accurate or not. But I do feel, speaking on behalf of the Federation, that we are justified in taking that figure as the figure accepted by the Government of India. If, therefore, we have erred in taking that figure, we have erred with the Government.

The Honourable Sir George Schuster :—Might I interrupt for one moment? I think that in fairness to myself, I must make one point clear. First of all, I do not think any of these estimates are worth very much, but I said for purposes of comparison they might be of some use if the estimates made first at one time and then at another had been made on the same basis. The chief point I wanted to make was this. I understood the Chairman to quote one figure for 1910, then another figure for 1915 and then another made recently by the Associated Chambers of Commerce and then to take the fact that the figures had grown from £315 millions to £1,000 millions as indicating an enormous growth in the size of the capital invested here. My chief point was that it was not fair to compare the two different estimates prepared possibly on quite a different basis, and then say, "here is the evidence of enormous growth." I confess I did go on to question the accuracy of this £1,000 millions invested. But my chief point was that he was quoting the figures as showing a large growth in capital, and I still say that for this purpose I think these estimates are of very questionable value.

Sir Purshotamdas Thakurdas (*Indian Merchants' Chamber, Bombay*) :—Thank you. That makes the position clear. Perhaps you, Sir, would like to deal with his chief point later on. All that I was pointing out was that if a figure was

named by such an important body as the Associated Chambers of Commerce and if that very figure was considered in all seriousness by the Government of India and by the Simon Commission, we are entitled to look upon that figure as something which is neither a bogus one nor an exaggerate done. To that extent only, I wish to refer to it and no further. It would be rather interesting to know what the Associated Chambers of Commerce has got to say when they now learn from the Honourable the Finance Member that the figure which they put forward before the Simon Commission was an exaggerated one. The Associated Chambers of Commerce always pride themselves in the belief that they are generally accurate to a degree.

Then the Honourable the Finance Member said, "if you agree to this question of ratio not being re-opened, then we can do this, that or the other." I do hope that we have been able to impress upon him that we would not ask for this ratio question being re-opened, but for one reason and one reason only, namely, that we are covinced that you are hanging on to this fetish of 1s. 6d. ratio which is ruinous to this country. We do not fight for the old ratio for the sake of sentiment or because some one had said so some 25 or 30 years back. I say, Sir, that if the Government of India can get out of their mind that we are labouring this for the purpose of sentiment they also will perhaps be able to think more clearly than they appear to do. If the Government of India will give us credit that we persist in this demand because of our honest conviction that this ratio is mainly at the bottom of the trouble from which we are suffering at present, the country will give them all assistance to help themselves. The Honourable Member says that we cause the Government of India great difficulties. I think I took down almost the very words of what the Honourable Member said. May I ask him how we are creating difficulties? Is it creating great difficulties, if we frankly tell him what we feel and what we see from day to day? In fact he himself admitted that going round the country, one sees depression and misery and one sees things looking extremely depressed and if that is so, why does he ask for any further proof than the occular

proof which he himself admits is there? He says, "you do not give me facts and figures." I do not know what the facts he wants are when village and district officers and everybody else who knocks about in the rural and urban areas say that things are depressed. Yet we are told Government want further proofs. Regarding figures, I will admit that the figures as they at present exist are not enough either for the Government of India to prove their case or to enable us to prove our case. The absence of figures is the one thing on which the Honourable the Finance Member laid great emphasis. He said there were no figures, but he pointed to certain figures which could be construed both ways and I do feel that he is rather going to tell us that although you see these things—and we know that these things are to be seen—yet until you give us some more proofs capable of yielding different figures, we refuse to believe that you are in the right.

The Honourable Sir George Schuster:—Might I again make one remark? What I did say was that so far as there are figures—and there are certain figures—they do definitely show to my mind that the *change in the ratio* is not the cause of the present depression. I admit the present depression and I say we want better figures to ascertain what is really at the bottom of the trouble in India. But the figures of exports and imports and other statistics of that kind are very pertinent just on this question of the effect of the exchange value of the rupee. That was my point.

Sir Purshotamdas Thakurdas (*Indian Merchants' Chamber, Bombay*):—I fully understood that point of the Honourable Member. What I wish, in fact, to bring home to him is that the figures which the Government of India have available are not the figures, which I indicated sometime ago in the Legislative Assembly, *viz.*, index figures which can show the commercial, industrial and agricultural conditions in the country. In fact, if my memory serves me right, I almost implored the Honourable the Finance Member to try to get at the figures for these for, say, the last ten years, if he could. It is possible that he feels that he cannot get these figures out of the Government

records. However, my opinion is that those figures can be easily collected from the materials available with the Government of India. Now, Sir, let us look at the sort of inference which the Honourable Member wishes us to draw from the figures which he has. He referred to certain export and import figures for wheat when the exchange ratio was 1s. 6d. He said that during a certain year the export of wheat was larger than in other years. In fact he said that in that year, the export of wheat was the largest, that is, when the ratio was 1s. 6d. He therefore said that the inference was permissible that the higher ratio does not militate against export. Now, I must say that in that particular year, there must have been some thing special world condition in that year for the export of wheat to have continued on large scale. Not being personally intimate with wheat trade, nor exactly remembering the particular year I cannot say what it actually was. But I venture to ask him how do the Government of India reconcile this to the fact that in spite of the exports continuing the purchasing power of the masses has gone down. He gave only one explanation for it. He said that that had happened in India all along. Now, that is a very poor consolation. If the codition of the masses to-day is what we have been accustomed to see far the last ten years or so, would we feel the pinch as we do to-day? Would we have this strong "agitation" as he calls it? Would he hear the tales of woe from practically every place where there are people who con communicate to us the conditions existing there? To say that, "Oh, the masses of India are accustomed to live in that condition and what is there new in it," to say like that, is, to say the least of it, callous. I say the condition of the masses has gone down steadily since Government went past the 1s. 4d. gold ratio and that is the point I wish to bring to the attention of the Honourable Member.

The only explanation that I heard from Honourable Member as I was listening to him was, "Oh, but has not that been so all along?" If it were so, is it his point that we are to-day complaining that conditions are not better than what they have been all this time? Surely not. Even he has to admit

that the condition of the masses has depreciated during the last three or four years.

The Honourable Sir George Schuster :—I do not admit that at all. But what I thoroughly agreed about was that the condition of the masses is such that it requires a desperate effort to improve it and therefore I do not think I can be accused of callousness on that point. But I certainly do not admit that they are very much worse now than they were 5 or 10 years ago. I have seen no figures that go to show that that is the case, but if you take all the statistics that are available with regard to piece-goods and that sort of thing they do not show that that is the case since the war.

The President:—The difference is more about the degree.

Sir Purshotamdas Thakurdas (*Indian Merchants' Chamber, Bombay*) :—I was coming to that conclusion and I was going to ask if the Honourable Member will agree it is a disagreement about degrees. The Honourable Member does not agree that the condition of the masses has gone down during the last three or four years. I do not know whether it is a question of degree or anything else. I personally am convinced that if you made inquiries from all the commercial bodies, it will be found that they are all agreed that the purchasing power of the masses has gone down and has undergone a very serious reduction.

The Honourable Sir George Schuster:—I am sorry to keep on interrupting you but I do not know if I will get a chance of replying. I want to avoid any misunderstanding. When we are making comparisons with the past there is no doubt that three or four years ago, in the year 1924-25, the conditions were exceptionally good in India. Perhaps if I might say a few words now I will refrain from interrupting afterwards. I agree that it is extremely difficult to know exactly what is the cause of the present depression in India. My own theory, so far as I have been able to study the figures is, that whereas in other countries there was from 1921 onwards a very bad period of depression caused by the reaction from the post-war boom and a

general maladjustment between wages and prices, in India the effects of this reaction were deferred; because from 1922-23 to 1924-1925 there were exceptionally good monsoons while the prices of one or two commodities in which India is particularly interested such as cotton, showed exceptional recovery. It seems to me that this disguised the effects of the post-war depression in India and that the people in that period did accumulate quite substantial reserves. Then, when these very good years came to an end, they were able to live (quite a number of them at a higher standard of life than before the war) to a great extent on their reserves. These reserves have in the main part been used up in the last two years and that coincides with a period,—not of sxceptionally bad monsoons, taking India as a whole,—but a period of quite bad conditions in large parts of India while it has also coincided with a very sharp fall in the prices of commodities in which Indian cultivators are largely interested. I myself think that we are feeling now the result of the general post-war depression combined with the special depression that has been added now. Comparisons are now being made with exceptionally good times in 1924-25, and 1925-26 when, if you look at the trade figures and the index prices of commodities in which India was chiefly interested, conditions were exceptionally favourable for this country, but I believe that if you were to make the comparison between to-day and the pee-war times that would give quite a different picture. I agree that it is extremely difficult to know what exactly is the truth and I personally do not claim to have any long or thorough knowledge of India; but I have talked to a great many people on this subject and I have found a very general feeling that taking India as a whole, the condition of the people is better, the standard of life is better than it was before the war. There again my own theory is that there may be a class which comes below the destitution level whose conditions are now worse than any conditions that prevailed before the war, but if you take the whole level of the people, then the condition on the whole is undoubtedly better.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber, Bombay):—Now, Sir, the Honourable Member mentioned one

or two things as specially indicating the better purchasing power of the people. One of the things he mentioned was the postal cash certificates. Now, you will agree that all these investments, whether they be in Government treasury bills, or postal cash certificates, or deposit investments in the mills in Bombay, go to form the total money available in the country for investment. If Government attract certain investors towards the post office by offering certain rates, it does not necessarily indicate the prosperity of the masses. If Government offer particularly attractive rates, they will draw more investors there. At one time the postal cash certificates offered as much as 6 per cent compound interest for five years and it will not do to say the masses are better off because there is so much investment in postal cash certificates. I do not think the Government of India can be ignorant of the fact that a large number of wealthy people invested their money in these postal certificates in order to earn this high interest, Government then went on reducing the rate. Therefore I say that any such indication like the postal cash certificates, taken by itself, is misleading. When Government were borrowing heavily in the postal certificates other commercial classes who were also borrowers found that the money available to them was reduced. I think in the Finance Department there may be a few letters from some commercial bodies protesting against the high rates at which the postal cash certificates were competing with the normal monetary conditions in the country. I, therefore, submit that any such indications taken isolated provides a misleading factor which the Government of India can advance. I take this point because I know some details about this and I know that the postal cash certificate does not mean investment by the masses in the country only. When you offer a good rate it means investment by merchants too who are capable of investing tens of thousands of rupees.

The Honourable Member asked me what I meant when I asked Government what they have done. I know the various directions in which the Honourable Member's activities have extended during the last one year to remedy some of our grievances. I have no doubt the steps

devised will bring relief; for instance, the appointment of the Banking Committee. Great credit is due to the Honourable Member for appointing it in the manner in which he has done it and I look forward to very great results from that. Similarly regarding the collection of statistics. But my question was not regarding any such policy which will take a few years to fructify. When I asked the question, what I meant was, what have the Government of India done till now to meet the emergency which has been created and to afford relief at this juncture which we look upon as a critical juncture. I am afraid that question still remains, I do not say unanswered, but unredressed. In view of the Honourable Member's reply we feel that the Government of India are under the impression that although all is not well, nothing is particularly wrong. I submit with all deference that I am very sorry to hear this and I do hope that he will be able to confirm his own opinion six months later.

The Honourable Member then asked whether we realise what lowering of the ratio means. Nobody suggested that Government should lower it by a stroke of the pen, but they should lower it by such means as they think best and possible. Nobody suggested a nocturnal adventure if it does not suit you to do it. He asked, will that be fair to the creditors? I quite agree that it will not be fair to the creditors but *per contra*, he will agree that when the ratio was pushed from 1s. 4d. to 1s. 6d. it was eminently unfair to the debtor and that was the burden of what we pleaded in 1926-27. We said to the Government of India as constituted in 1927 that they were doing an injustice to the debtor and the cultivator in India. The farmer in India is the greatest debtor of all,—one figure has put his debt at Rupees 800 crores if I mistake not. Therefore, it will not do to be unduly solicitous about the creditor to-day, when you have done grave injustice to the debtor, namely, the masses of India. It carries no weight with us when you tell us to-day not to be unfair to the creditor for only three years have passed yet. He further said, if you think that the higher rupee causes greater burden on the land revenue, there is another method of remedying it. May I ask why did not the

Government of India do it till now and why do they not do it still? You take the same number of rupees from he tiller of the soil at 1s. 6d. as you did at 1s. 4d. to the rupee. In fairness you must take from him 12½ per cent less rupees. If you want to be fair to the cultivator, why not think of that? Can you afford it?

Finally, Sir, he referred to labour. He said that the improvement of the condition of labour did not appear to him to be the object of the Resolution. When the Government decided to recognise two classes, *viz.*, the employer and the employee in this country, and when efforts have been made to get up institutions' representative of the employees, this body which is a body of employers will not claim to represent the employee. But that does not mean that we are oblivious of our duty labour. In fact, nobody can be more solicitious of the welfare of labour than the employer and for this reason that contented labour alone can make the employer work his factories and what is in the best and permanent interest of labour is not the artificial rupee but to devise for him a policy which will ensure, his continuous employment. What has happened, Sir, in the rural areas to-day? Labour which commanded 8 or 10 annas per day 5 years back has to-day gone back to 3 and 4 annas, and even with that reduction they cannot get employment. If you want proofs of it you have only to motor out a hundred or two hundred miles from Delhi and you will find a lot of unemployment in the rural areas. As one man said to me last night, the problem before a certain province, and an important province in India, to-day is one of 'no employment'; it is not no employment for the middle class—Government have ceased thinking of that class,—but 'no employment' for the labourer. The people in rural areae have not the money with which to employ labour. I do hope the Honourable Member will get the idea out of his head that this Resolution does not take cognisance of labour.

Sir, I do not wish to say anything about the other points, because I feel that I should only refer to points in the Honourable Member's reply which require immediate clearing

up. I am sure that an official copy of the Honourable Member's speech which I look upon as very important will be made available to the public and I am sure that it will serve as very useful means of study regarding the mentality of the Government of India on this question. But I would like, before you put this Resolution to vote, to make one or two general remarks. I deliberately avoid touching upon the question of silver and his remarks about it for two reasons. I feel that as far as I, as an individual, am concerned, this question may be said to be something like *sub-judice* because of the conversations between the Finance Member and me and should matters progress further, this question will be available for a very full discussion in the Assembly. I therefore need not take up your time on the silver question. But I do wish to refer to one question to which the Honourable Member gave a very short reply and that is regarding the Gold Standard and Gold Currency. He disposed of that part—and I think perhaps not without reason—with only one question, namely, is it a practical proposition to-day? Now I agree with him, that as a matter of immediate practical politics perhaps there is not much in it. I do not, however, want him to carry an idea from here that we in the Federation are not keen about it. I Gold Standard and Gold Currency, anyway Gold Standard, can be a matter of practical politics for Indo-China and can be considered from a practical point of view by China, I think that if our Currency System was not disturbed as rudely as it has been since 1924, it would have been a very practical proposition to-day as far as India is concerned. India will not now be deterred from it, say what you will and do what you will. One thing and one thing alone will inspire confidence in the people of India and that is when they see that Government do not fritter away, as I call it, the resources of the currency in the way that they have done since 1924.

With regard to the disposal of silver about which Mr. C. B. Mehta gave certain figures, he said that 8 crores worth of silver has been sold and 2 crores has been added to gold and therefore 6 crores have disappeared. If the Government wish to persist in this policy, I should like it to what happens in a

private household. A private household which has gold ornaments and silver utensils when it is badly shaken, what do they do? Part with silver utensils worth Rs. 5,000 or 50,000 or 20,000 according to the position of the man. The next thing is the jewellery and in the case of India it will be gold. Government have begun to part with India's silver. If they sold silver because they felt that India did not want it and if they had put it in some more useful way, namely, gold or gold securities which bring interest, one can understand it. But Government are parting with our silver for good, selling it off. It is true for a time they convert it into gold securities and a few weeks later hand them over to the Secretary of State for India. That is the weekest aspect of the currency operations during the last two years. One cannot help sympathising with the Honourable Member for his having to step into the legacy which he has had to inherit. However, I do feel that we are entitled, in the friendliest spirit, to tell him that we desire him to desist from his present policy and stop frittering away India's gold and silver, in the pursuit of not the 1s. 4d. ratio which he called the will-o'-the-wisp but the 1s. 6d. ratio which may turn out to be the mirage (applause).

The President:—Gentlemen, before I put those two resolutions to vote, you will permit me to make just a few observations. I feel my limitation because as Chairman I cannot take part in the debate. As a matter of fact, at times the devil of the M. L. A. has been prompting me to get up on my legs and heckle our honoured guest, but then I felt that I was in Chair and I should reserve the crossing of swords for some other place. I feel, however, that you would like me to make a few observations about the figures which Sir George Schuster quoted from the letter of Mr. Findlay Shirras. I do not agree with him that there is any unfair comparison. It is possible to have a fair comparison, in spite of the fact that the figures which I quoted were compiled by the Associated Chambers of Commerce and I compared them with the figures of Sir George Paish. And it is also possible to compile old figures, say for 1910 on the same basis as adopted by the Associated Chambers as it is possible to compile new

figures on the same basis on which Sir George Paish compiled his figures. I have spent a good deal of time in studying this question, and therefore I have not the least doubt in my mind that if the figures were compiled on any basis, Sir George Schuster will come to know that our foreign debt has increased and has been increasing at a frightful pace. I should like to point out to Sir George Schuster the mistake which I think has been committed by Mr. Findlay Shirras. I have myself had some correspondence on the subject with Mr. Shirras. We are not able to agree as to the estimated total of foreign investments, but I should like to say how grateful I feel to him for giving ungrudgingly of his time to examine the whole matter and favour me with his criticisms and suggestion. I pointed out to him that in compiling the figure of 500 million sterling, he had omitted certain items: Firstly, the investment in rupee companies by non-Indians. As you know, the total of the paid-up capital of the rupee companies at present amounts to 277 crores and a very large portion of it is held by non-Indians. Besides, you have to take the fact into consideration that although the total paid-up capital is 277 crores the value of the present assets of these companies is much more than that. Take the case of the Sholapur mills, the capital is only eight lakhs, while the assets may be more than two crores. Therefore, if I have mad any mistake, I have erred on the side of caution.

Then, Mr. Findlay Shirras forgot to take into consid er ation the rupee loan held by non-Indians. I found it from the Government publications that in 1917 such loans held by non-Indians amounted to about 100 crores. Since then it has undoubtedly increased. Then come the Rupee debentures, private companies controlled by non-Indians investing money here but not registered. And if all these items were taken into consideration, I am sure the figure will not be far short though it may be more than one thousand million sterling. I happened to notice recently in some British papers the late Secretary of the Bombay Chamber of Commerce writing something on this subject and he gave a total estimate of 700 million sterling,—there were though investments left out of

his list—so that the total of the investments would not be far short of 1000 million sterling. However, what I want to maintain is that our foreign debt has been increasing and whatever basis we may take, if we compiled figures on the same basis, I am sure we shall come to the same conclusion to which I have come, *viz.*, that our debt has been increasing. I will ask, however, my friend, Sir George Schuster, to put his machinery into motion and find out for himself as to what the actual figure or approximate figure was in 1913 and what it is now.

I do not think I need take any more of your time on this point. But you would like me to say a word in reply to the kind personal remark which my friend, Sir George Schuster made about me. He said that he liked me personally so much but he did not like me in the role of Jeremiah. If I may reciprocate in the same terms, I may say "Sir George, I like you personally very much, but I do not like your financial policy". (Laughter.) But I will make some allowance and will add, "I sympathise with you because you are the victim of the policy of your predecessor" and will also ask him to make allowance and say, "You are in the role of Jeremiah because of the financial policy of the Government of India." I do not think I have to say anything more. We have to discuss many other resolutions and after we have done that we have to offer our formal thanks to our honoured guest. For the time being, I put these two resolutions before this House.

I first put the Resolution No. 8 moved by Sir Purshotamdas Thakurdas.

The Resolution was passed unanimously.

Resolution No. 8-A re. Sales of Silver was also put and passed unanimously.

Mr. Ramachandra Baid (*Marwari Chamber of Commerce, Bombay*):—Mr. President, Brother Delegates and Gentlemen.

The resolution which I have the honour to move reads as follows:—

"The Federation records its deep disappointment at the failure of Government to give effect to the following repeated demands of the Mercantile Community with regard to the amendment of the Indian Income-Tax Act and urges upon Government to comply with the ssme :—

(1) To amend the Income-Tax Act so as to provide for a set-off for losses sustained in any one year against profits of six subsequent years.

(2) To amend the Sections 42 & 43 of the Income-Tax Act so as to free a Commission Agent in British India from the obligation to pay Income-Tax on the profits or interest according to his non-resident principals."

I consider it a privilege to have to propose this resolution, for in certain aspects it is a unique resolution. Any body who cares to go through the minutes of the proceedings to the annual sessions of the Federation and the Indian Industrial and Commercial Congress will find his attention arrested by the striking fact that in each of these sessions there was a resolution relating to income-tax unanimously adopted and further that one of the subjects compassed by these resolutions has been the absence of provision in the Indian Income-Tax law for losses in business. Marwari Chamber of Commerce (Bombay), the body which I have the honour to represent before you this afternoon has been continually tabling at least one resolution every year dealing with the question of business losses just referred to and with that of amendment to sections 42 and 43 of the Income-Tax Act. As it happens, these questions appear again this year in the resolution now before the meeting. And I trust I carry your implicit assent when I affirm that they will continue to be again and again brought up until the grievances represented by them are fully and satisfactorily redressed.

The fact that the existing Indian Income-Tax Act contains no provision for setting off losses of one year against those of subsequent years is its greatest condemnation. On account of this fact the amount of revenue received by Government from this source is drawn partly from the capital of the assessees. Every year the Income-Tax department goes on biting a slice off the businessman's capital. He feels the pinch but little suspects the cause of his troubles.

As a matter of principle, the Federation will be perfectly justified in insisting that no tax should be assessed until the entire amount of loss in one year is wiped out by subsequent profits. But we are prepared to water down our demand, as we have done in terms of this resolution, by asking for a set-off for six years only. This compromise has been made particularly in view of the fact that the British law also allows a set-off for six years. I may, however, point out that so far as my information goes the South African law recognises the principale that income-tax must be realised *only from income* aud therefore provides that losses may be carried forward until they are covered by subsequent profits.

I need not labour on this point further, as the justice of the cause has been recognised by the Government of India on more than one occasion in the past. About three years ago Sir Basil Blackett, the then Finance Member, had promised to meet the mercantile community half-way by providing a set-off for three years and undertook to take action after certain administrative difficulties had been solved. The other day, speaking before the Associated Chambers of Commerce, the Hon'ble Sir George Schuster clearly accepted the principle of the demand but unfortunately, the very next minute, almost turned it down on the plea of financial difficulties. The public demand has been for provision to allow carrying forward of losses for six years. Sir Basil Blackett reduced this period to three years and Sir George Schuster recently cut it down to one year. At this rate of progress, Sir, we shall soon have returned to the point we started from.

I may frankly say that the position of Government in this matter is quite untenable. To turn down on grounds of finance a demand which is an admittedly fair, legitimate and just one is hardly justifiable. One cannot rob Peter to pay Paul on any grounds of justice and fair play. The way to sound finances, I may venture to suggest, lies through retrenchment in public expenditure. Insistence on collecting income-tax when there is really no income is something which cannot be in anyway approved of. Sir, our grievance is real and is felt by all alike in these days of depression. It is up to Government to take courage in both hands and remove a long-standing grievance of the mercantile public.

Gentlemen, I shall now pass on to the next question. In my judgment operation of sections 42 and 43 of the Indian Incometax Act, so far as it affects brokers and commission agents is clearly inequitable. I consider it a misuse of the law to realise from resident brokers and general commission agents the income-tax due from their non-resident constituents. I contend that it was never the intention of the framers of the Act to bring brokers and commission agents within the sphere of operation of these sections. But at the same time I must also admit that the language used in these sections is so wide that literally and technically the expression agent may include any person having any kind of business relation with a non-resident. It is precisely for this reason that the resolution demands amendment in the sections themselves.

I maintain that if the tax due on non-resident's income is sought to be realised, as is at present being done, from resident brokers and commission agents, the tax will either be borne by the broker or commission agent as the case may be or if the non-resident customer pays the amount of the tax to the former, in most cases gross injustice will be done to such non-resident. It has been amply demonstrated in the meetings of the Federation in the past that the arrangement of taxing non-residents through commission agents is extremely impracticable, and I do not therefore propose to

discuss in detail the numerous difficulties and hardships attendant on this arrangement. I may, however, mention the case of hedging and straddling transactions in which it is impossible for the agent to find out whether the non-resident has really made a profit or incurred loss. In other kinds of business also it is not possible for the commission agent to foresee whether the different transactions done for the non-resident during the year will show a credit or a debit balance at the end of the year the non-resident may have no money left with the commission agent. Unless therefore it is intended that the commission agent should pay the tax at a fancy figure and out of his own pocket or that he should be constantly litigating with his customers, it is an absurd proposition.

It appears that these practical difficulties were formerly realized, for in paragraph 84 of the Income-tax Manual it is plainly recorded that the Government of India does not desire that assessments should be made except in cases in which something definitely in the nature of an agency exists.

In recent years, there has been a definite change in this policy and a general crusade against commission agents has been in progress. The hostilities had been suspended for some time as what might be called a Test Case was pending before the Privy Council. Meanwhile protest after protest was registered against the new policy and representations were made demanding change in the law. The Central Board of Revenue in or about June last issued fresh instructions and revised the 84th paragraph of the Income-tax Manual by adding a qualifying clause to the effect that foreigners *trading with the country* should not be taxed whereas those *trading in the country* should be subjected to the existing provisions.

In their reply to the letter from the Indian Merchants' Chamber, Bombay, which had also represented to Government in this connection, the Central Board of Revenue referring to the said clause say, " It will be observ-

ed that these instructions secure the result that your Chamber have in view "

In other words the Board recognised the principle for which the mercantile public had been fighting, and it was hoped that the trouble had ended. That, however, was not to be. The decision of the Privy Council in the Hong-Kong Trust Case, which lays down that even a banker residing in British India and paying interest to non-resident depositors on their deposits with him must pay tax on the amounts of interest remitted by him to the non-residents. This has upset things very much and has created a new and serious situation. Even the principle of not taxing the income of persons trading with the country has gone over board. The residents of Indian states who were in the habit of keeping large deposits with British Indian Shroffs and bankers have begun to withdraw deposits and what the result of this alarming process will be heaven alone knows!

Under these circumstances no tinkering with rules and instructions is likely to meet the requirements of the situation. And the measure which I claim will adequately meet the situation is nothing very extraordinary. The public in India has gladly submitted to various measures, not relished by it on their merits, because they had the distinction of being modelled after British measures. Similarly many a reform has been shelved on the plea that it was not in force in Britain and other countries. In this particular case British statute book is in our favour. Rule 10 of the General Rules, which is designed to protect the identical class of persons for identical reasons runs thus :—

" Nothing in these Rules shall render a non-resident person chargeable in the name of a broker or a general commission agent or in the name of an agent not being an authorised person carrying on the regular agency of the non-resident person or a person chargeable as if he were an

agent in pursuance of these Rules in respect of profits or gains arising from sales or transaction carried out through such a broker or commission agent ".

In my judgment if we substitute the words 'Sections 40, 42, and 43' for the expression 'these Rules' in the clause quoted just now and add the same in the shape of a new section to the Indian Income-tax Act 1922 Government will never again hear any talk about this oft-repeated grievance, It appears to me to be a very simple affair and I am sure it cannot result in any appreciable reduction in revenue. The Income-tax department has reached a highly developed and efficient stage and there should be no fear of any misuse of this concession. With these words, gentlemen, I again move the resolution and commend it to your unanimous acceptance.

Mr. Mangaldas Motilal **Sheth** (*Bombay Shroff Association*) :—Mr. President and brother delegates, I feel great pleasure in supporting this resolution.

The demand of a right to carry forward losses to six years is a long standing grievance, and has been repeatedly urged upon Government by Indian and European commercial communities alike, for so many years, but no results are achieved so far. We are not making this demand as a matter of favour or concession, but as something due to us in equity and good conscience. The Indian Taxation Enquiry Committee has even admitted the justice of this claim and recommended the necessity of a provision for a set off for losses. But at present income-tax is levied on the profits of one year irrespective of the state of the finances of the assessee in the previous year. So, in case there is a loss in the previous year, the levying of tax in the next year becomes practically a levy on capital, and not on the profits as it should be. It is, therefore, the clear duty of Government to give this relief to trade and commerce by extending the basis of assessment to six years. This relief is already enjoyed by the commercial community in England, but it is still being withheld in this country. It is a matter of great

pity that while Government are deliberating, cogitating and revolving over this act of justice, many business concerns which are struggling for their very existence are being ruined year after year. At present there is unprecedented depression in every trade and industry and it is urgently necessary that Government should be prompt in giving this much needed relief at this juncture. Otherwise the economic condition will get still worse.

Coming to the second part of the resolution, I have to point out that the language of the Sections 42 and 43 being loose and defective, the Income-tax authorities treat bona fide brokers and commission agents as agents. Under the law brokers and commission agents are required to pay income-tax on profits and interest accruing to their constituents residing in Indian States. Those who have knowledge of commission business know that constituents constantly withdraw the profits and leave nothing with the brokers, and therefore the brokers have to pay income-tax from their own pockets. As a matter of policy and owing to strong public opposition the income-tax authorities did not rigorously enforce this rule, but after the decision of the Privy Council in Hong-Kong Trust case the income-tax authorities have revived this harassment and issued notices upon the brokers and commission agents to pay income tax on the profits of their constituents for the last three years, in some cases they have gone to the length of issuing distress warrants for recovery of such tax. This action is absolutely unjust and it is very likely to lead to the ruin of many firms who may not be able to recover the tax from their constituents who may have cut off connection with them or may have failed in the interval.

Under the circumstances it is urgently necessary that Government should issue immediate instructions to income-tax authorities to stop action under Sections 42 and 43 and take steps to amend the above Sections as soon as possible, so that brokers and commission agents are specifically excluded from the operation of these Sections as is done in England.

The commercial community is suffering from these hardships since many years, and their patience has been taxed to a breaking point. I, therefore, earnestly request Government to take immediate steps to redress the grievance.

With these words I commend this resolution to the meeting.

Mr. P. S. Sodhbans (*Indian Chamber of Commerce, Lahore*):—Mr. President, I am supporting this resolution in a few words. I pressed this point regarding losses before the Taxation Inquiry Committee. Losses incurred by business men are allowed in other countries; as my friend said just now, they are allowed in England; and I know they are allowed in New Zealand and also in the United States. I do not know why in India the law has been made differently. I also find that the law in India is different from the law in England in other respects. Here the appellate court under the income-tax Act is quite different from that provided in England. In England there are general commissioners who are generally businessmen who sit as appellate courts over the income-tax Inspectors; but here the same man *i. e.*, the Assistant Commissioner, is the executive officer as well as the appellate authority, and therefore he always upholds the orders of the Income-tax officer. I come in contact with these cases daily, and I strongly condemn the present system of the Income-tax Act under which the appellate authority and the executive officers are the same. Under the present system it is found that, when these income-tax officers find their judgments have to be revised by executive officers, they do not care for the assessees, and they assess them in any way they like and the assessees have not either the courage or money to file an appeal in the High Court, therefore great difficulty is felt by the assessees. I might perhaps mention that I saw a concrete case in Amritsar. Some five or six years ago a gentleman suffered heavy losses and they were not allowed to him and distress warrants were issued against him, and the man practically became insolvent. Such cases are daily

occurring and I therefore plead that the Government of India should amend the law as soon as possible, so that the losses may be allowed for at least three years as in New Zealand. With these words I support the Resolution.

The Honourable Sir George Schuster: Mr. Chairman, I shall be very brief. As regards the first part of the Resolution about carrying forward losses, I do not think I can admit that there is any question of right or wrong in these matters of taxation. All taxation is "wrong" from a certain point of view, and what we have got to do is to adjust various practical considerations. I am quite prepared, though, to express my own view now, which is that it would be a change for the better, a change that might help business if we could introduce this principle of carrying forward losses. As far as I am concerned and I made this clear at the meeting of the Associated Chambers of Commerce—it has become a question of the practical possibility of giving effect to a change of this kind which would undoubtedly mean considerable loss of revenue. I am trying to get some sort of estimate of what the loss of revenue involved would be. The loss depends very much on the particular circumstances of the time at which you make the change. I think myself that if we were to introduce this principle, we shall have to do it gradually; we could not start straightaway allowing six years' arrears to be brought into account. But as soon as we can see a way, so far as the revenue position is concerned, to introduce this change as I have said gradually and step and step,—I am prepared now to express quite definitely the intention to do so. But I am afraid I cannot see the way just now.

As regards the commission agents, I think there are two points involved, the question of the agent's own position and the question of getting at the earnings of profits of his principal. I gather really that the chief point in the minds of those who have moved this resolution is the second question, the question of getting through the agent at the profits earned by the principal, and that the point has

become acute as a result of the decision of the Privy Council to which reference has been made. The whole question is a difficult one. From certain points of view I can see that there are dangers in the present position. As I am not able to make any definits statement now, I think perhaps it would serve no useful pupose if I were to try to express to this meeting the sort of considerations which are in my mind; but what I would say to you is this: it would be of great value to us if this Federation, for example, could appoint a small committee, really familiar with the circumstances, to go into this question and put before us a reasoned case supported by evidence as to the sort of conditions in which hardship is felt. There are two sides to the question. On the one hand it would be bad policy from the public point of view to adopt any measures which would have the effect of driving capital away from British India. On the other hand, one has to consider this, that a man who really in fact comes and carries on trade and business in British India through an agent ought not to be put in a more favourable position for competing than the man who is genuinely a resident in British India; and one has to consider the interests of both sides. I believe that the experience of members of all the constituent chambers who belong to this Federation could be of great value to us, and that is why I make the suggestion that you yourselves should appoint a small committee and make out a case for our consideration. I have had a good many individual cases brought to my knowledge, but one cannot draw conclusions from single cases, and I believe you could help in the examination of this matter very much. That is really all that I have to say on this subject.

Mr. Ramachandra Baid:— I am very much obliged, Sir, for the sympathetic answer of the Finance Member to this resolution, and I hope he will soon find a way out to set off losses. Regarding the second part of my resolution, I am quite willing to the appointment of a committee by the Federation, and I hope the Executive Committee will see its way to appoint such a committee. The question is agitating

the people very much and I trust the Executive Committee will appoint such a committee very soon to go into the question and put the whole matter before the Finance Member.

The President then put the Resolution to the House and it was passed unanimously.

The President, thanking Sir George Schuster, said:— Gentlemen, I think I may extend our most cordial thanks to the Honourable the Finance Member on behalf of you all for very kindly attending the deliberations of the Federation and enlightening us with his views. I am constrained to say that unfortunately we do not agree with many of his views. All the same there is one gratifying factor and that is this: that at least on one point we are on common ground: he agrees with us that there is a desperate need for increasing the productivity of the country; and I wish to assure him on your behalf that in any scheme which may be formulated by the Government for giving an impetus to the productivity of the country he will have full support and co-operation from Indian businessmen. I hope he will continne to take the same interest in our progress as he has been taking all along and give us the benefit of his co-operation and views from time to time. I also on your behalf wish to thank Mr. Tottenham for coming here and giving help to Sir George Schuster and ourselves.

The Hon. Sir George Schuster and Mr. A. R. L. Tottenham then left.

Bengal Telephone Company's Agreement.

The President:—I think we might take up the Resolution about Telephone charges now.

Mr. Ajodhia Prasad in moving the Following Resolution said:—

**Mr. President and Gentlemen, I rise to move the following Resolution:*—

*Speech not corrected by the speaker.

"In view of the high charges levied from its subscribers by the Bengal Telephone Corporation and in view of its refusal to lower them in spite of repeated public requests though able to do so without causing any loss to the shareholders and in view of the generally accepted principle that public utility services should not be handed over to monopolistic private companies but managed by the State itself, the Federation urges upon the Government of India the desirability of not renewing the agreement with the Corporation which expires in 1931, and the advisability of taking over the management directly into their own hands."

Sir, the subject, though of local concern, comes within the direct purview of the Government of India. Since the introduction of the message rate system in Calcutta, the telephone users, especially businessmen, have been put under a heavy burden. I need not point out that the telephone is not a luxury but a dire necessity to businessmen, more so in a big city like Calcutta. On account of the high charges made by the Bengal Telephone Corporation, which are Rs. 12 per month as fixed rental and 12 calls to a rupee, the business community suffers a great handicap. Even in England and other foreign countries where the cost of living is higher, the telephone rates are not so high as in India. In England the charges are Rs. 8 per month and 18 calls to a rupee. In Australia the telephone charges are still cheaper. Now, let us examine the position of the Telephone Corporation of Bengal. I have got their balance sheet in my hand which shows that their Receipts which stood at Rs. 18, 88, 489-11-11 in the year 1923 have gone upto Rs. 33, 50, 567-11-3 in the year ending June 1929, that is an increase of more than 78% in 5½ years. Besides, Sir, after paying all interest and dividend to preference shareholders and the high dividends to their ordinary shareholders they got about Rs. 18, 50,000 towards depreciation and sinking fund. They have been declaring dividend during last few years at the rate of 7½ percent to their ordinary shareholders and in the year under report a dividend of 8% was distributed which, in fact, means a return of 24% on their old share capital for which the new company issued three shares for every single share of the old company. Gentlemen, the position of course is very pleasing from the point of view of the

shareholder but it can be easily realised what a great burden it is to the business public of Calcutta. We founded a Telephone Subscribers' League and held several public meetings to voice our protest against the unnecessarily heavy telephone charges levied by the Telephone Corporation. We made repeated requests to the Company to increase the calls to 18 per rupee, which proposal, if they had accepted, would not have made much difference to their earnings, but they did not care to pay any heed to our requests. Calcutta is being extended to Bhowanipore and other sides, and more telephone connections are becoming necessary in those areas. The burden of high charges will therefore fall on the subscribers and those charges will also increase. The Government accepted the principle that public utiltiy services should be conducted solely with a view to the best interests of the public and should not be used for profit making as is done by the Bengal Telephone Corporation which enjoys a monopoly granted by the Government of the country without fear of any outside competition. I therefore propose that the agreement with the company which is to expire in March 1931 should not be renewed and the Government should take over its charge. In most of the cities in India telephone systems are under the direct charge of the Government department with flat rates and if the Government takes up the Calcutta telephone it will not in any case be a sort of a new departure; on the other hand, Sir, the telephone service will be made more cheaper and more useful to the public. I therefore put the Resolution before you for your consideration.

Mr. H. P. Bagaria (*Bengal Jute Dealers' Association, Calcutta*): Mr. President and Gentlemen, I heartily support the Resolution that has been moved by Mr. Ajodhia Prasad. He has referred to the telephone charges levied in London and in Australia. You have to remember in this connection that the cost of living in those places is much higher than the cost of living in India. I do not want to tax your patience by citing figures relating to telephone charges in other countries, but if the Honourable Member in charge

cares to know them, I shall be very pleased to send him a list and he will be able to see therefrom that the telephone charges in Calcutta are higher than the charges in any other part of the world.

Then, Sir, the proposer of this Resolution has mentioned that the Telephone Corporation was able to declare a dividend of 8% after setting aside a handsome amount for depreciation, but you must remember that this 8% really means 24%, because a few years back the old Telephone Corporation was sent into liquidation and the present company was brought into existence. The old shareholders were given three shares for every one share they have held in the old company, and so this 8% dividend really means 24% on the capital invested by the original shareholders of the Telephone Corporation. Now it is a question whether the Government of India should allow this company to fleece the public to this extent. Sir, there is complete unanimity of opinion on this question so far as the public of Calcutta is concerned. Nearly thirty Associations are members of the Bengal Telephone Subscribers' League, and we have been carrying on this agitation for the last two years but so far we have met with no sympathetic response from the Company. It is, of course, quite natural that they should refuse to accede to our request, because they are out to make money and they will make money so long as they are able to do so. It is therefore our request that the Government of India should take over the concern and run it as a State concern. One of the arguments put forward by the Bengal Telephone Corporation is that the London Post Office which was responsible for running the telephone services there was losing money, but the recent Report published in the newspapers shows that the London Post Office has made a profit of nearly half a million pounds from their telephone department. I, therefore, Sir, do not see any reason why the Government of India should allow the present high charges to be levied by the Telephone Corporation. With these words, I support the Resolution.

The Hon'ble Sir B. N. Mitra :—Mr. Chairman, I do not propose to take up much of your time over this Resolution. I should like to point out in the first instance that what this Resolution wants the Government to do is practically an impossibility. The framer of the Resolution has apparently overlooked the fact that the existing agreement with the company does not give the Government the right of terminating that agreement in the year 1931. Under that agreement which was concluded with this particular company in 1922, the Government agreed not to exercise its right of purchase under the licence before 31st March 1943. That, Sir, is unfortunately conclusive, and whatever sympathy I may have with the grievances of the users of the telephone service in Calcutta, it is not possible for Government to acced to the terms of this Resolution and to terminate the agreement in 1931, for the simple reason that it cannot be so terminated before 1943.

The mover and the seconder of the Resolution referred to the dividends which the company has been earning. Here again, Sir, my difficulty arises out of the precise terms of the agreement. Now, this is the relevant clause :— "The rates charged by the licencees, etc., etc., shall be subject to revision upwards or downwards after 5 years from the date hereof, it being understood however that the payment of a dividend on the paid-up capital of $12\frac{1}{2}\%$ of which not more than 8% shall be cumulative shall be an essential factor of such revision", etc., etc. That particular clause of the agreement then proceeds to lay down as to how any profit in excess of that required to pay up the prescribed dividend should be utilised, namely, that a part of it should be credited to telephone subscribers of a particular class, a part should be paid to Government and another part should be distributed by way of further dividend among the members of the company. That particular clause also provides the rate for depreciation and reserve. Now, Sir, so long as the conditions of that agreement are being scrupulously followed by the company, it is not possible for Government to terminate that agreement. It is not for me

after a lapse of 7 years to offer any views as to whether that agreement should have been concluded in those terms or not. But I notice that before the agreement was drawn up, the matter was submitted for examination by a committee, and it was on the practically unanimous recommendations of that committee that this agreement was drawn up. Perhaps conditions may have changed since then. But nevertheless the practical difficulty remains and it is not possible for Government to do what this Federation or certain members of this Federation want Government to do.

Mr. R. K. Sidhwa (Karachi Indian Merchants Association) said:—

Mr. Chairman and Gentlemen: Before you put this Resolution to the vote, I would like to draw your attention to one matter. This Resolution deals only with a provincial matter. I really sympathise entirely with the great hardship that our Bengal friends experience on account of the high telephone charges, and I do know that the telephone charges in Calcutta are abnormally higher than the telephone charges in other provinces. What I want to know is whether this Federation would take up the question of the electric companies in the varions provinces, because these companies are mostly private companies and they are causing a lot of hardship to the public and to the consumers and I would like to know whether this Federation would take up the question and press upon the attention of Government to purchase those companies when their leases expire. Apart from that, I do not know what the procedure of this Federation is, because on a previous occasion in this very city, I remember a proposition of very grave importance relating to the Sukkur Barage Scheme which cost about 29 crores of rupees, of which 14 crores have actually been spent by the Bombay Government, was moved by me in this Federation, and the then President stated that it was a provincial matter and the subject could not be discussed by the Federation.

The President:—Was it in Delhi?

Mr. R. K. Sidhwa:—Yes, Sir. In those days we had

not the Federation, but we had what was known as the Commercial Congress. I was present on the occasion. While, therefore, I have not the least objection to the Federation taking up the question of the Bengal Telephone Corporation and putting it to the vote, I would like to know what would be the position of this Federation in matters relating to provincial subjects which are of far graver importance than the present subject like the telephone company of Calcutta. There are so many electric companies which are of vital importance to the people. I could have brought forward a very important Resolution on the subject of the Sukkur Barage scheme but from the decision of the President of the last Commercial Congress I hesitated to do so thinking that it would not be in order. But now I see that this matter of the Bengal Telephone Company is going to be taken up, and as I have already said, I have not the least objection to this body taking it up, but what I want to know is whether you would allow me to move resolution re provincial matters.

The President: I entirely sympathise with Mr. Sidhwa that this Federation was not able to take up any question regarding Sind, but I would remind him that the Resolution under discussion is not altogether a provincial subject, because the contract is not with the Government of Bengal, but it is with the Government of India. If you want to ventilate your grievances on subjects with which the Government of India alone is concerned, I think this is the proper and only place. Supposing this matter had rested entirely with the Government of Bengal, all that the Honourable Member would have said was that this was a matter beyond his jurisdiction. Apart from this question, I would remaind Mr. Sidhwa that last year we happened to discuss the question of the Howrah Bridge which was altogether a provincial matter; yet the Committee thought that the matter was so important that the Federation should take it up. But I may assure Mr. Sidhwa that the responsibility was not mine; it was of the Committee, and I assure him that the Committee in future when they select Resolu-

tions will give due attention to all these factors. We are very sorry that Mr. Fakirjee is not in India, or else he would take pretty good care about the interests of Sind. There is another point to which I would draw the attention of the Mover himself. I think the Resolution is not correct when it says that the agreement expires in 1931. As a matter of fact the agreement expires only in 1943 and therefore it is impossible for the Government of India to do anything at this stage. Therefore with your permission, I would ask the Mover of the Resolution to withdraw it.

Mr. Ajodhia Prasad: Cannot the Government bring their influence to bear on the Company?

The Presidenl: Business is business. You cannot terminate the agreement. I would request you to withdraw the Resolution.

The Resolution was withdrawn.

The President: If you will allow me, I should like to thank Sir B. N. Mitra on your behalf for his kindness in coming here both yesterday and to-day and taking part in our debates. I am sorry we shall miss him very much next year but if he is retiring from his present office he is taking up a much more important work with which the business community is closely related and I hope he will continue to take the same interest in the business community and mercantile matters which he has so far taken. On your behalf I extend to him my cordial thanks. (Applause.)

The Honourable Sir Bhupendra Nath Mitra: Mr. Chairman and Gentlemen, I am much obliged for the kind words which you, Sir, have said in regard to me and for the response which those words have evoked in the rest of the House. I have done my best according to my lights and my slender abilities to foster the cause of India's development in various directions with which I have been concerned; and for my part I am glad that in the near future I will have to lay down the onerous labour of my portfolio.

I am also glad that for another 12 months at any rate I shall be associated with some of the most prominent members of your Federation in trying to work out a proper basis for the banking arrangements in this country which may be of some help to your Federation and to the industries of India generally. I am much obliged to you. (Applause.)

The Honourable Sir B. N. Mitra then left.

The President: Gentlemen, we have got many Resolutions which require the attendance of the Commerce Member. I had expected that so far as the Resolutions concerning the mercantile marine and the cotton textile industry are concerned, we would take them up to-day, because Sir George Rainy is not expected to give any reply to those two Resolutions, both being in a way *sub-judice*. I have just now been told by Mr. Mody that whether the Honourable Member takes part in the deliberations or not he would like to move his Resolution in the latter's presence so that the Government may have the opportunity of hearing our arguments in this behalf. I have also been told of a similar desire in the case of the textile industry resolution. If you are of the same opinion, I would have no objection, although the work is very heavy for to-morrow's agenda.

Mr. Kasturbhai Lalbhai: I do not mind moving my Resolution now so far as the cotton textile industry is concerned, if you will permit me.

Mr. H. P. Mody: If it is the general desire that I should move my Resolution about the mercantile marine now, I have no objection to moving it now.

Mr. Chairman: I would ask Mr. Mody to move his Resolution now.

Mercantile Marine

Mr. H. P. Mody (Indian Merchants' Chamber Bombay):

I move.

(*a*) **The Federation is definitely of opinion that the policy underlying the Coastal Reservation Bill now before the Legislative Assembly is not based either on confiscation or racial discrimination as is alleged by interested parties and particularly deplores**

the attitude of the speakers on behalf of the Government of India who have thought it proper to endorse their view. The Federation, therefore, strongly supports the Coastal Reservation Bill now before the Legislative Assembly, a Bill the underlying principle of which has been fully endorsed by the recommendations of the Indian Mercantile Marine Committee for the Reservation of the Coastal trade in India to vessels owned and controlled by Indians and records its deep appreciation of the support given to it by the Members of the Legislative Assembly and trusts that the Bill will be placed on the Statute Book in due course.

(*b*) The Federation urges the Government of India to devise ways and means for encouraging the participation of Indian vessels in the Overseas Trade of the country and to take early steps for developing the ship-building industry in India.

(*c*) The Federation while welcoming the establishment of the Indian Mercantile Marine Training Ship "Dufferin" in Bombay, urges that another training ship be stationed for the Bay of Bengal and also urges upon the Government of India to make it obligatory on the ships playing on the coast to give preference in the employment of their officers to those who obtain the necessary cerificate of competency after undergoing training on the Training Ship.

(*d*) The Federation objects to the Deferred Rebates system and calls upon the Government of India to take immediate steps to abolish the same without any further delay."

Gentlemen, I do not think I need speak at any length on this Resolution because the subject matter of it has been debated very often and very fiercely both in the Assembly and outside. The principle of Coastal Reservation has been accepted by most of the maritime nations of the world. That principle has long been established and in the last few years has received endorsement from various other countries which had not adopted it in the first instance. Amongst other countries, Turkey, Greece, Australia and Chili have introduced Coastal Reservation after the conclusion of the war. The most outstanding example is that afforded by Australia. That example has been quoted and misquoted times without number for the obvious reason that the supporters of Coastal Reservation could find no more convincing argument than that afforded by a domi-

nion which forms a unit of the British Commonwealth, and likewise the opponents of the measure could not find anything more damning than to be told that a part of the British Commonwealth has adopted this principle of Coastal Reservation which they have condemned on various grounds. Now, it has been contended in various quarters, that the Coastal Reservation principle as embodied in the Australian Act is nothing more or less than a species of labour legislation. I wish to say with regard to that that it is nothing of the sort. Whatever may be the precise wording of the Act in Australia two facts are conclusive on the point which I am making. One is that the intention of that Act was undoubtedly the building up of a mercantile marine, and an authoritative statement on that point is provided in the report of the Commissioners appointed by the Australian Commonwealth Parliament. In their report they say:

"Your Commissioners find that the main reason which actuated the Parliament in placing the Act on the Statue Book and which lifted the subject to a plane of great national importance above the ordinary considerations of party politics, was the desire to build up an Australian Mercantile marine."

Then again, the Mercantile Marine Committee have definitely stated that whatever may be the phraseology of the Act, the intention was perfectly clear. They have said that the nature of these conditions was such that they had the practical effect of automatically shutting out all except Australian owned vessels from the Australian coasting trade. From these two authoritative opinions it is clear that the contention of those people who are saying that the intention of the Australian Act was merely to enact some sort of labour legislation cannot be maintained.

Apart from the fact that most of the maritime countries of the world have reserved their coastal trade for the shipping owned by their own nationals, we have the very authoritative report of the Indian Mercantile Marine Committee. That Committee was appointed by the Government of India. It was not a creation of ourselves and it

was composed of very respectable and very sane people. I do not think there was the slightest tinge of extremism in the composition of that committee, and it is all the more remarkables therefore, that they should have endorsed the principle of Coastal Reservation without qualification or reservation. It is true that a time limit was laid down but that does not affect the principle. The Mercantile Marine Committee went into every aspect of the question. They found that by no other means was it possible for a country situated as India was to develop her mercantile marine and they came to the conclusion that the only way in which it could be done was by a system of licensing of ships with the condition that the direction and control should be predominantly Indian.

With such strong facts against them the opponents of the measure could find no better argument than that of expropriation. That bogey has been trotted out repeatedly and just as it happens in many other things, the tyrany of phrases has been such that this very important measure of national economics has been discussed mainly from the point of view of the expropriation plea that has been brought forward by its opponents. I certainly speak for myself, and I think also for the overwhelming mass of Indian commercial opinion in this country when I say that whether we live under a diluted form of Dominion Status or an undiluted form of Swaraj it can never be the intention of responsible opinion in this country to expropriate anything or anybody. (Hear, Hear). That certainly was not the intention of the author of this Bill and I do not think that has ever been the intention of those who have supported it and that support has been forthcoming from practically every shade of opinion in this country. It is, therefore, very unfotunate that when this Bill was referred to a Select Committee, a very representative select committee, the supporters of the Bill merely supported the Bill and the opponents of the Bill merely trotted out this bogey of expropriation, with the result that the Bill as it has emerged from the Select Committee is not the expression of the joint

opinion of the Select Committee, but represents more or less the stage at which the Bill was before it went into Select Committee.

Now, Sir, another argument that has been urged is that it may be that this Bill does not amount to expropriation, but its effects on the trade and industries of the country may be disastrous. It is rather curious that whenever it is a question of the enlargement of our freedom in poltical or economic matters, it has become a sort of habit with a certain class of poeple to think either of the dumb millions or the poor consumers, whom they never paid a moment's thought to—either waking or sleeping—in all their lives. Whenever the national industries of the country are to be protected, this bogey of the consumers' interests is trotted out as if those who seek to impede the economic progress of the country are doing so because they feel for the poor dumb millions of the country or for the inarticulate and unfortunate consumer. My only answer to that is that if the consumers' interests have not suffered while a non-Indian company has been enjoying the monopoly of the coastal trade of India, I think it is perfectly absurd to suggest that when that monopoly is done away with and the coastal trade of India is thrown open to free competition, the consumers' interests are likely to suffer. The only other answer we can give to that charge is that even if there was anything in that argument, there would be ways and means of devising safeguards by which the interests of the trading and industrial community would not be sacrificed.

Then there is a third class of critics who do not talk of expropriation, but who express some sympathy, lip sympathy mostly, with the principle of coastal reservation. But they say—why have this bill? Is it not possible to develop an Indian Mercantile Marine apart from coastal reservation? My only answer to these people is that if that is so, what have they been doing all these years? The report of the Mercantile Marine Committee has been before the country for the last six years. Apart from a training ship and one or

two other things of a like description, has anything been done by any to promote the development of Indian shipping along sound and constructive lines? Sir, the best testimony to the genuineness of this contention is to be found in the fact that less than 15 per cent of the shipping coastal trade is held by Indian companies and about 2 per cent in the overseas trade. These facts speak for themselves and they afford a striking commentary on the lip-service which is now being offered to the principle of development of an Indian mercantile marine. Now, I want to ask in view of all the contentions that have been raised in that behalf, whether any body can say that it is because of any lack of enterprise or capacity that an Indian mercantile marine has not been built up? Could any body advance this argunent in view, for instance of the crores of rupees sunk in the textile industry, and the capacity enterprise and energy which have gone to build up what has been regarded, I think, on all hands as the greatest national industry of the country. I say that that industry has been able to develop and spread out in spite of all the handicaps which have been imposed upon it, including the infamous excise duty.

That being so, it seems to me that there is not a single argument which could be legitimately advanced against the measure and it must be conceded that it would appear to be the only way of achieving what is the desire of everyone of us, namely, the building up of an Indian mercantile marine. But, Sir, being hard up for arguments or because perhaps of the fact that they have been used too often and therefore required a little change and a novelty, the latest stunt is to drag the poor lascar in to this business. (Laughter.) I have not seen the detailed reports of the wonderful happenings at a meeting in Calcutta, but it seems that now having done with expropriation and having done with everything else, it is sought to be proved that if the coastal trade of India is reserved to India, then the poor lascar will go to the wall. (*A voice: Unemployment*) Yes, but what about our own unemployment (Laughter.) Unless the Government of India wake up, inspite of the Finance Member's optimism, I am

afraid that all of us including this Federation will presently be on the list of the unemployed. (Renewed laughter.) The only answer that I can make to this latest argument about the lascar is that the lascar is there and will be there so long as he continues to be an economic asset and that I think is a fact which ought to be widely recognised. It is not because of any sympathy with the lascar that he is employed in large numbers at the present moment. That is entirely so because *vis-a-vis* the non-Indian seaman, the lascar, is an economic asset of undoubted value.

Sir, there is only one more aspect of the question which I want to bring up and that is that if justice is denied and delayed anywhere it leads up to a terrible revenge. In human relations—particularly in the relations of capital and labour—it has often been found that if the rights of any section or any group are denied too long, then when that section or group comes into power it does not want merely the enforcement of its rigets but it tries to exterminate that which dominated it so long. And I am afraid that is the situation which the Government of India will have to face if they do not adopt an entirely different angle of vision with regard to the economic progress of the country. (Hear, hear.)

Sir, certain very deplorable utterances have been made at Lahore during the last few months. I, for one, will certainly not attempt to defend them either directly or by implication, but let me say this that if the Government of India want to stop utterances of this character and want that the policy underlying such propaganda is confined only to a very small section of the people, they must see to it that justice is done to the vast majority of our countrymen both in economic as well as in political matters. That is an aspect of the question which I want the Government of India to realise not only with regard to the claims of India in the matter of shipping, but in the matter of textile industry and everything else that conduces to the economic progress of the country. It is a warning

which I would have liked to utter in the presence of the Members of the Government of India, I would have liked to say to them, that they have to recognise that India's just claims have to be conceded in time if Government want the vast majority of responsible men in this country to be on the side of law and order and on the side of the right. (Loud Applause).

Mr. Jadunath Roy (Bengal National Chamber of Commerce, Calcutta).

Mr. President and gentlemen,

In seconding the resolution so ably moved by Mr. H. P. Mody I beg to point out that a cursory study of the history of all countries will convince you that the mercantile marine of a country plays a very important part in the development of its resources and commerce and thus materially contributes to the ultimate well-being and prosperity of its people.

That this mercantile marine also serves as an auxillary to the country's defence has been more than amply demonstrated by the late world-war. It importance and usefulness cannot be over-estimated.

India had a very flourishing shipping industry in the past but when the wooden ships were substituted by vessels built of steel and propelled by steam it did not get any sort of encouragement or effective help from its Government which was so much needed at that period of transition from wood to steel and steam with the consequence that the shipping industry of this country is now being dominated by interests other than Indian.

The growth of the mercantile marine of every country depends on the nature and decree of co-operation, help and protection it receives from its Government. This being denied to India non-Indian shipping has not only captured the foreign trade of the country but has also monopolised the Coastal and Inland shipping. It is now so firmly estab-

lished that it would require the whole-hearted sympathy and active co-operation of the Government of India and the people of the country to develop a mercantile marine in view of the difficulties it will have to face It is a very modest and legitimate demand on the part of our people to be allowed to engage in the coastal shipping of the country without outside interference and molestation. Coastal shipping and inland navigation are looked upon by all nations as their close preserve and necessary for the development of indigenous shipping. Coastal shipping has been viewed in this aspect by all countries big and small. There is nothing in the nature of confiscation or racial discrimation in our legitimate demand for the reservation of coastal shipping. But if an indigenous shipping is to exist and develop it is essential that coastal shipping should be reserved and the deferred rebate system should be made illegal by necessary legislation. Accepting one of the recommendation of the Mercantile Marine Committee the Government have provided a training-ship for Indians at Bombay.

Similar facilities should be provided in the Bay of Bengal also but the Government's responsibility cannot end here. Fer unless and until trained Indians can find occupation there can be no incentive for them to avail themselves of that training. For this also the building up of a mercantile marine is essential.

It has been suggested by several interested people that India being an integral part of the British Empire connot discriminate against British shipping or any shipping of the other parts of the same emoire. These are obstacles meant to be thrown in the way of the successful development of the shipping industry by the children of the soil and further to ensure the monopoly of the shipping of this country by the existing British Companies. The question now arises, are they justified to continue in such monopoly and thereby hamper the growth of an Indian shipping for all time to come, or if it is time that they should withdraw at least from the coasting trade of India and thereby make room

and give a chance to indiginous Indian shipping to grow ? The value of the Empire lies more in the fact that one part of the Empire will always lend helping hand to the other parts which are far behind in the development of their resources and not to usurp them for perpetuity to the excluston of indigenous enterprises. It is a fact which cannot be denied that indigeneous shipping can not grow side by side with and survive the unfair competition of the existing well-established companies and we have ample experience of it in the past to have any doubt in the matter. Is it not to the greater interest of the British Empire that all parts of it should develop their respective mercantile marine, and when united form a greater whole than to develop the shipping of the British Isles to the detriment and exclusion of other parts of the Empire?

With these few words I support the motion.

The resolution was passed unanimously.

Cotton Textile Industry.

Mr. Kasturbhai Lalbhai (*Ahmedabad Mill-owners' Association*):—Sir, I want with your permission and the permission of the House to amend the Resolution, slightly, in the following form:—

"The Federation is deeply concerned at the continued depression in the cotton textile industry and strongly urges Government to give an immediate and effective measure of protection to the industry to avoid a great and irreparable injury to the economic interests of India."

Sir, things have come to such a pass in cotton textile industry that if immediate assistance from Government is not forthcoming the industry will be wiped out of existence. Those charged with the conduct of it have put up a brave fight for more than seven years against all sorts of odds, but now they are at the end of their resources and need substantial assistance in order to be saved. It is wrong to say that Bombay alone has been the victim to the severe depres-

sion through which the industry has passed. It may be true to say that its effects have been severely felt by Bombay than other centres for two reasons. The strike mania to which Bombay has been subjected to during the last two or three years has no doubt accentuated its difficulties and added considerably to its losses. Again Bombay being a port naturally has felt the Japanese competition more keenly than the upcountry mills, but from this to deduce that Bombay alone has suffered is far from facts. As you, gentlemen, may be aware between Bombay and Ahmedabad we produce 71 per cent of the total production of indigenous cotton cloth in India. Now, speaking for the moment about Ahmedabad I may inform you that the return that we got on our Block account for the year 1928 has been less than 4 per cent. Surely this does not show the prosperity of up-country mills that the Government is trying to make out. Even the Textile Tariff Board which investigated into this matter conceded that in order to attract capital, you have at least a return of 8 per cent on your capital. Here I should also point out that this is not the solitary year 1928 in which the earnings amounted to less than 4 per cent, but in no previous year up to the year 1923, the profits have been higher than 4 per cent. Now what has happened during this period in Bombay? She has lost 11 crores of rupees. Indian cloth has been replaced by the Japanese. Not only the Home market, but almost all the foreign markets have been captured by them. The public has lost all confidence in the industry and even the Banks which used to help some concerns have withdrawn their loans. Thus her financial condition is severely strained. Her markets have been lost to her. She is in a helpless condition. Under these circumstances, the question that arises in one's mind is whether any national Government would have allowed her greatest industry to drift in this manner until she is completely paralysed.

In the year 1926 when we demanded protection we were told that we should go to the Tariff Board to prove our case. We did this. The majority of the Tariff Board

recommended 4 per cent protective duty. This was refused to us, with the result that the Japanese goods have been pushed in our market in an unprecedented scale. Our imports from Japan which were round about 100 million yards in the years, 1922-23-24 have risen to 357 million yards and the tide is unabated,

We have been told time and again to put our house in order. I ask you, gentlemen, how is this possible when credit in the industry is completely shattered and the working of the mills has been disorganised by the strikes on an unprecedented scale and by the length of time while by free imports our markets have been captured by our competitors.

Before I sit down, I desire to remove the misimpression that the up-country mills are prosperous while the Bomay mills are losing money. From the return on capital which I gave you of the Ahmedabad mills, it will be conceded that not only it is very poor but the industry cannot retain the confidence of the public with these results for year after year. It has been said that Ahmedabad has put up 10 new mills. My reply to that is very simple. We had in the year 1907 about 700,000 spindles and 10,000 looms. This went up to 925,000 spindles and 20,000 looms in the year 1914. It will be remembdered that the years from 1907 to 1914 were below normal for the textile industry. Now if we were to expand even at that rate we should have had about 15,25,000 spindles and 40,000 looms. Instead, what do we find? That in spite of all the new mills going up and in spite of the huge reserves built up during the war period, we could only extend up to 14 lakhs spindles and 35,000 looms by the end of 1928, *i. e.*, we could not maintain even our sub-normal expansion. So if there was any proof needed that Ahmedabad has not fared well, these figures should supply it. In order to remove the bogey that the up-country mills have been making profits, I have only to take Bengal, Central Provinces, Sholapur and Cawnpore which are other important textile centres, and I know that they are in no way better-off than what I have told you about Ahmedabad.

What is the position with regard to Bengal mills. Out of a loss of 8 millions, the total loss in Bengal mills during the last four years have amounted to nearly 34 lacs of rupees. In Central Provinces, if you exclude Central India mills, the net profits of all the mills put together only amounts to nearly two lacs of rupees. The same tale is to be had about Sholapur and Cawnpore. I have told you about Ahmedabad, Bengal and C.P. The time has passed when Government can wait with a Nero-like attitude while the industry is on the brink of complete ruin. No half measures will ameliorate it now and therefore this meeting of the Federation which represents all the Indian commercial and industrial interests demands of it that adequate protection shall be granted to it without any further delay.

Gentlemen, with these observations, I recommend the amended Resolution which I have moved for your acceptance.

Mr. B.N. Chopra: (*United Provinces Chamber of Commerce Cawnpore*).

Sir, I beg to second the Resolution which has been moved by Mr. Kasturbhai Lalbai. The present critical condition of the Indian cotton industry is very well known and the case for effective State help has been so often and so clearly stated that much argument does not seem to be necessary to-day to commend this Resolution for the acceptance of this House. A great national industry is in imminent danger of extinction. It has already convinced an impartial body, which conducted an enquiry into its position, that for the most part causese beyond its control are responsible for the present state of affairs. Thanks to the world depression and thanks to a great extent to the new ratio and thanks lastly to the unfair competition from Japan, the industry is in a very sad plight. The Tariff Board after going into all aspects of the question recommended what they themselves described a very modest measure of State help but even their halting recommendations could not be acceptable to the Government. That the Government refused to grant

the help that was asked for was not so much of a surprise as the manner in which this refusal was made. It would be remembered that the Tariff Board recommended a bounty in in respect of yarn and independently recommended also a 4 per cent increase in the import duty. The Government peculiarly argued that the bounty, for reasons which they stated and which I need not go into here, was not desirable and since 4 per cent additional import duty was intended merely to provide the nccessosy revenue to pay the subsidy cr bounty, therefore, this 4 per cent increase in import duty was also unnecessay. The report of the Tariff Board makes it perfectly clear that it was not the intention of the Tariff Board that this 4 per cent import duty was primarily intended to enable the Government to pay the bounty which they decided not to give. This is an entirely independent recommendation for the help of the industry generally. The argument which the Government of India have used in turning down the recommendations of the Tariff Board are on the lines with which we have become only too familiar. The Indian Textile industry is a very old industry and it has passed the stage of infancy. It is now fully grown and if to-day it finds itself in difficulties, it has itself to thank. This seems to be the main argument. If it cannot meet competition from Japan—it may be noted here that the Government have unconsciously or deliberately, in their Resolution reviewing the Report of the Tariff Board, dropped this adjective, "unfair", which was used by the Tariff Board—if they cannot meet the competition from Japan, it is argued it must be their own fault. There is something lacking in the organisation, there must be defects in the managing agency system and there must be other defects inside the industry which it it is for the millowners themselves to rectify. Let them improve the position and let them put their house in order and the industry will again be all right, and to strengthen this argument, it is further pointed out that the condition of the industry in other parts, as the mover of the Resolution has already said, is much better and the cry for help comes mainly from Bombay. I come from Cawnpore where perhaps the condition of the industry is comparatively much

better, but it would be entirely incorreet to say that the trouble is confined to Bombay though it is perhaps correct that for certain reasons, for which perhaps the Bombay mill industry is not itself responsible, the conditions there are worse than elsewhere. There may be various reasons for it. For instance, it has been pointed out that unfavcurable location may be one of these reasons.

The other day I read an article in an Anglo-Indian paper in which a very intersesting suggestion was thrown out. I wish the suggestion were equally practicable as it was interesting. It was that the Bombay plant should be bodily lifted up and transported to some other suitable locality. Well, Sir, it may be true that for various reasons the other parts of the country may not be so badly affected as Bombay ; but as Sir Purshotamdas Thakurdas pointed out this morning, if the present state of affairs continues, I have no doubt that what is the condition in Bombay to-day will be the condition in Cawnpore and elsewhere to-morrow. As regards the argument that it is an old industry and long ago passed the infancy stage and therefore should not stand in need of protection, I would like to ask what those, who advocate this view have to say with regard to the present conditition of the British textile industry. Thanks to the industrial revolution, England got a very long lead over all the other countries of the world in industrial development and the textile industry of England was and still continues to be the most leading industry. It is now a matter of common knowledge and it is becoming increasingly clear that all is not well with that industry. The British manufacturers are fighting a losing battle against Japan and certain other countries in the Eastern markets. The other day there was an interesting report in the papers which indicates that Japan is thinking of bearding the lion in his own den. It was reported that Irish shirts made of Japan cloth were freely selling in England hopelessly underselling the indigenous product. The condition of the British textile industry has been causing very great anxiety to all concerned during recent

years, and the Government, persons directly concerned with the industry and others are extremely anxious to adopt all possible measures to place the industry again on its old footing. My object in referring to the condition of the British textile industry and the measures which the Government have taken and are contemplating to take to safeguard its position is to meet the argument that an old industry, a well-established industry should not at any time find itself in a position where State help is required. It may perhaps be argued that the British industry, though it has passed infancy has perhaps gone to the stage of senility and requires rejuvenation, while the Indian textile industry has not yet reached that stage. But, Sir, assuming for the sake of argument that for the present condition of the industry the mill owners are themselves responsible, that there are some defects which require to be remedied, is it seriously contended that these defects can be remedied so easily, or that the defects are really such that their removal would place the industry out of all its present difficulties. Even if that were so I would place the claim for such help on more general and higher grounds. Here is a great national industry, perhaps the only industry that may be called truly Indian, and whoever may be at fault, can we contemplate with equanimity a position where this industry would gradually decline and would disappear ? Its repercussions on our general industrial development, its consequences on our economic life generally would be too disastrous to contemplate, and on that ground alone it is absolutely necessary that our Government should do all it can to help the industry in its present condition irrespective of what may have been the causes about which there seems to be some difference of opinion, which have led to the present state of affairs. The Resolution recommends an effective measure of protection. This is the opinion of the Federation. The Federation thinks that only an effective measure of protection can help the industry at this time. If however Government think that they have got some more effective means to suggest which could help the industry and still avoid protection, let them come forward with their proposals; let

them show a genuine desire to help the industry and I have no doubt that those concerned with the industry would be very glad to consider their suggestions, Round table conferences seem to be the order of the day. Let the Government define their policy clearly; let them make it quite clear that they are genuinely anxious to help the industry and let them meet the mill-owners; and I have absolutely no doubt that such measures that might be discussed and might be ultimately put into effect would be very helpful. Such an attitude on the part of Government would also very much encourage and stimulate the mill-owners to remove such minor defects as might exist in the organisation of the industry to-day. But as they stand today the position that faces them is indeed so hopeless that without effective aid from the Government it is really impossible for them to regain their old footing for the industry. So that, if the Government is really anxious to help the industry as they ought to be, let them come forward with any proposel which can be really helpful. With these wards I beg to second the Resolution.

Mr. Hooseinbhy A. Laljee. (*Indian Merchants' Chamber, Bombay*): Sir, this morning when I heard the Honourable the Finance Member evincing so much interest for the labouring classes I did expect that Government would be prepared to do something for nearly 20 thousand persons unemployed in Bombay owing to the mill industry. Sir, when you were last in Bombay with the Royal Labour Commission the Commission expressed surprise and wonder why something was not done for about 15,000 persons unemployed and starving. To-day the position is that six more mills have closed down and the number has nearly gone up to 24,000. This morning Sir Purshotamdas Thakurdas clearly stated to the Honourable the Finance Member that the people in the villages could not earn 3 annas or 5 annas a day. But those persons who are employed in the Bombay mills come from Konkan and Ratnagiri where there is no employment of any kind. If anyone were to inquire about these localities he would find that the Konkan and

Ratnagiri sides from which the poor mill-hands come to Bombay are parts where there is very little irrigation and where cultivation has hardly been able to do even 1-4th of that area. I want in all earnestness to tell Government that this Federation looks for Government help in the case of these labourers who are starving and on whose behalf the Finance Member this morning uttered a few words of sympathy. Then furthermore I am sure that if no relief is given to this industry in Bombay we will soon have more than 50,000 men unemployed and there is nothing left for them but to die. In places from which they come there is no cultivation and so far as Bombay city and its suburban area as well as the whole Bombay Presidency is concerned the position has become very serious.

Sir, it was also said that there is a lot of money available, but we have just been told by my friend here that the banks would not lend money to the textile industry and it is a fact that for the last six months or more that one of the most prominent banks which has a large surplus of Government, that is, the Imperial Bank, would not lend money to the mills. Not only that, but they have been gradually withdrawing moneys and creating a greater crisis for the mill industry. This is an institution where Government have got crores of rupees and from which Government could help, if they really desired to help, the industry. Furthermore, there is one other question and that is that if Government really desires that there should be importation of foreign goods it is far better that they should make it quite clear not only to the industrialists but to the general public that they are finding something to make them live on rather than starve and die a death of starvation.

The Resolution was adopted unanimously.

Foreign Companies working in India.

Mr. Ranchordas H. Gandhi (The Burma Indian Chamber of Commerce, Rangoon):—

Sir, I have the honour to move that:

"The Federation is of opinion that all foreign companies including banks should be compelled by law to publish balance sheets of their business transacted in India for the information of the Indian public."

As most of you, gentlemen, are aware, there were certain companies,—I would not call them bogus but almost bogus companies,—advertising about two or three years before in many newspapers in India promising profits of crores and crores. I think they were New Zealand concerns and then several shrewd people made inquiries from the Registrar of Joint Stock Companies. He was unable to give any information. Then some stockbrokers' firm in Bombay gave out that this company was a bogus one and that everything was doubtful, and then there was some litigation and eventually it came out that it was after all a very doubtful thing. Some years ago you know there was a British firm in Bombay, William Watson and Company. They had large dealings with Indian commercial people and others, and all of a sudden they closed their doors. The people did not know anything. To all outward appearances it was all right but eventually it was found out that they had no standing. This ignorance of ours is not because we are unwilling to inquire into a thing very carefully, but because we have not the means to inquire all over the world. In almost all countries foreign companies are not allowed to operate without some control on the part of the Government of the day. In some countries there are licenses, in others there are certain formalities to be gone through before a foreign concern is allowed to do any trade. So, I think, it would be better if in the future all foreign concerns are by law forced to lodge their balance sheets with the provincial Registrar of Joint Stock Companies, so that people can get informa-

tion. But this does not lessen the danger in the case of new floatations, Having no balance sheets before they come into existence how can they produce them? So, I think, in that case Government must make it a rule that no foreign companies should be allowed to operate,—I include Banks and Insurance companies also in this category,—unless they satisfy, for instance, the Commerce and Industries Department of the Government of India about their prospects. Again there should be a license renewable annually. I do not say what the fee of the license would be, it may be a a very nominal sum, but it must rest with the Government to refuse to renew the license, if necessary. Some control or remedy like this the component parts of our Federation might suggest.

But there is every necessity on the part of the Government to protect both the investors and the people of India from being exploited by the foreign concerns, the standing of very many of them we do not know. I hope, therefore, that you will approve of this Resolution.

Mr. Ramchandra Baid: Sir, may I make a suggestion about this Resolution. I wish that the following words be added to the Resolution after the word "law":—

> **"to take a license from the Government before beginning business and".**

The President: If you wish, I will put it to the House. But, I think, it deals with a different matter altogether. I do not know whether Indian companies are compelled to go through the same procedure in other countries. I do not think they are compelled to take a license of that sort.

Mr. Ramchandra Baid: Only to ensure that these companies are not bogus companies and so that Government might satisfy themselves that the companies are properly registered in the place of origin.

The President: Is it the sense of the House to accept the amendment?

Sir Purshotamdas Thakurdas: I feel that any substantial alternation in the Resolution which has already been gone into by the Committee will be a rather bad precedent. If my friend thinks that this is important it requires very full consideration. If it is a question of verbal alteration, one can understand it. But this is quite a different thing. Licenses have to be issued to companies. I dare say that it is a very good thing, but I do believe that it will be rather difficult for the House to debate on such an amendment at such a short notice as this.

Mr. Ramchandra Baid: I do not press it.

Mr. N. W. Gurjar (*Maharashtra Chamber of Commerce, Bombay*): The Resolution moved by Mr. Gandhi has been very ably put by him and I think very few remarks are necessary in support of it. I therefore support it.

The Resolution was carried unanimously.

The President: So far as the other resolutions on the agenda are concerned, they require the presence of the Honourable the Commerce Member. Therefore I propose to take them up to-morrow. But there is one thing which we expected to take up to-morrow and if it is the desire of the House that we might finish that part of the Agenda to-day, we might take it up. That is the question of the publication of statistics under the general auspices of the Government, the Federation and the Associated Chambers. The note on the subject is printed as Appendix B. I wonder whether the members had the time to consider this question and whether they would like to take it up to-day. I think I may ask Sir Purshotamdas to explain the matter because he was concerned about the whole thing and he will be able to put the case better.

Sir Purshotamdas Thakurdas (*Indian Merchants' Chamber, Bombay*): Sir, I feel that I should explain this matter which is item No. 6 on the Agenda as published on page 1 of the White pamphlet. The note attached to the Agenda

as Appendix B on page 12 explains fairly the origin of this suggestion and those of you who were here in the morning heard at considerable length the importance which statistics commands and in absence of which the Government succeed in putting forward their own point of view, in matters economic. I was told last year when I raised this question in the Assembly at the budget time that the Government of India feel that they have statistics of many varieties in their records but if efforts were made to bring them together in a handy form the Indian public will have very useful data. Conversations then developed in the manner indicated in the note and the Government of India felt that if Indian commerce generally wished to help Government in putting forward these statistics in a manner which would be interesting and useful to the Indian commercial public, they (the Government) would be glad to have their assistance. I ventured to say, in anticipation of what I thought will meet with your approval, that the Federation would be ready to give their co-operation. The Associated Chambers were also asked and they have at their meeting at Bombay this year passed a Resolution to the same effect as I move before you. I feel that we should express our willingness to co-operate with the Government in this direction. The idea is to have a sort of Joint Editorial Board. Dr. Meek, the Director of Commercial Intelligence and Statistics, will be one of the members of that Board and there will be one editor to suggest what would be suitable and interesting to the Indian commercial community and one to suggest what will be suitable and interesting to the British commercial community. I do not think that we can suffer by the addition of an editor from the Associated Chambers and I believe myself that joint action on these lines may turn out to be quite useful. I do not know to what extent the Government of India would expect the commercial bodies to subscribe to this, but in the course of conversation it was indicated that we would not be prepared to subscribe anything more than a comparatively nominal sum. Whether it will be thousand or five thousand, I cannot tell you. In any

case it will not exceed Rs. 5,000. The details have not been worked out, but the Government of India do not attach any great importance to our financial contribution. There may have to be a sort of contribution to show that we really mean business and are interested in this. I, therefore, wish to suggest that the Federation do give approval to the Committee going into the details of this question and assisting the Government of India on the lines indicated. I, personally, am convinced that it is a step in the right direction and I have not the least hesitation in recommending this to you.

The other question is the question of our starting a journal. I am not quite sure whether the details of this have been thought out. But I understand that it is the intention of the executive to find out if members present here have any views to express on this point. I myself believe that after seeing how the Statistical Journal to which I have referred just now fares and what interest it creates, we may be in a position to consider after a few months, or perhaps, a year or two, as to what scope there is for a journal like this from the point of view of the Federation's policy, generally speaking. But if the meeting here think that the starting of the journal will be a welcome step in their opinion, the details of it, I am sure, will be thought out by the President and the Committee next year. I, therefore, suggest that the scheme re the Federation joining the Government of India regarding the Statistical Journal be approved by this meeting and the Committee be authorised to settle the details with the Government of India in this connection. If the idea of starting a Journal by Federation is generally approved by this meeting, the Committee may put before them the details about it at their next annual meeting.

Mr. C. B. Mehta (Bombay Bullion Exchange): In this connection I would like to suggest that we should set up an Editorial Board for statistical data without authorising them to comment on the statistics. For instance, the com-

ment of the Federation on the same statistics will be different from that of the Associated Chambers. The publication of the statistical data itself is required and comments can be made in the light of these statistics by different bodies and inferences can be drawn according to their own lights. I, therefore, think that the publication of the data only will be sufficient and we can leave the comment portion of it to our journal which is proposed to be started. The statistics portion should be without comments. At present the Government is publishing a number of statistics without any comment and everybody is commenting according to his light. I want that the statistics now proposed to be published should be published. It will be authoritative, but let there be no comment on it.

The President : So far as the publication of statistics is concerned, there is going to be a sort of joint Board representative of the Federation, the Associated Chambers and the Government. Under the direction of these three authorities the statistics would be published without any comment, unless all the three authorities unanimously think that it is desirable to make some comment. What is now required is the approval of this Federation that they can associate themselves with the publication of such a journal.

The second question, (Item No. 7) concerns the publication of our own journal. The suggestion was made long before that of the publication of the Statistical Journal. It was my own suggestion. The idea is that the Federation in matters economic should give a lead to the country. It has been noticed in the past that on many important matters laymen find it rather difficult to decide as to what is good and what is bad in the interests of the country. It was thought probably it would be a good idea if the Federation thought it desirable to give a lead on important matters concerning economics. Then there was the question of finding the amount of money. That was no doubt a very important question. It was asked how were we going to find the money? I thought it would be possible to get advertise-

ment. But the Executive Committee was naturally very cautious and I think rightly too. Now the proposal of Sir Purshotamdas is that while we give approval to the publication of a Statistical Journal, we should ask the executive to prepare a sort of scheme for the publication of a monthly or weekly or even a fortnightly journal and place it before the next annual session of the Federation. These are the two issues. It is quite possible that some members may feel, why postpone it for 12 months, why not take it up immediately. That is however a view which should be discussed. The two things are not identical. One is purely a publication of statistics, The other expressing the opinion of the Federation and giving a lead to the country in matters respecting economics. So I should like to know the views of the members on these two issues. If any gentleman has got anything to say I would welcome it.

So I should like to know the views of the members on these two issues, and if any gentleman has got to say anything, I should welcome it and then I could place the whole matter before the House.

Sir Purshotamdas Thakurdas: May I say, Mr. President, that if you take each one of them separately, perhaps the issues will be clearer? I think the point raised by Mr. C. B. Mehta has been more than adequately met by you. There will be no need for this Statistical Journal except on the lines approved by all the three parties, so that there will be no question of either the British or the Indian or the Government's political point of view being put forward at the expense of any other. Unless all the three parties agree to an expression of opinion, the journal will be a colourless production, so that there is nothing in the remarks of Mr. Mehta which requires further discussion.

Mr. R. K. Sidhwa: I just want some further information on one point. It is stated that there will be one representative of the Federation on the Editorial Board, one will represent the Associated Chambers of Commerce, but

the statistics will be collected by the Government of India. I want to know what will be the position of the Federation's representative and what voice he will have? How will the statistics be verified and to what extent the Federation will identify itself with the accuracy of the statistics published ?

Sir Purshotamdas Thakurdas: The responsibility of the Board will not be for statistics which are to be collected by Government. Nobody, however, has till now challenged the accuracy of statistics collected by the Government. The Board will examine statistics and make suggestions regarding their presentation in a form which may interest the people and can be used by them. The Board may suggest collection of statistics on additional subjects. There will be no editorial comment except on points on which all the three parties agree. I cannot say more precisely than this.

Mr. Lalji Naranji: From what has been said I understand that the statistics to be published will be decided by a committee of three. Well, I was making enquiries regarding the statistics to be published under the Insurance Act in 1928. The Government were approached as to what statistics would be collected—I am giving a concrete instance—and they decided to collect statistics for net premiums and gross losses. The insurance companies wrote to them to find out why gross premiums and gross losses were not taken; they were told that only net premiums and gross losses were wanted. When the Act was passed, the foreign insurance companies were dozing and were rather surprised to find that the Act was passed. They had afterwards to compel the Government to give the statistics they required. May I know that if this committee of three are not unanimous in the matter of certain statistics, those statistics would be dropped?

The President: My own feeling in this matter is that, if the representative of the Federation feels after some time that he cannot associate himself with the methods

for the selection of statistics, the only course for the Federation will be to ask our representative to dissociate himself entirely from such publication. The best course for us at present will be to give the proposal a fair trial for a year or so. In fact I had my own suspicions about the project in the beginning and that I felt that after all we were not taking any big risks in associating ourselves for one year. I do not think the question of finance is a very big question; it is only a very small question. The main question is the question of our association, and I am sure that after twelve months if we do not find it desirable to associate ourselves we can withdraw.

Mr. R. K. Sidhwa: Has any written constitution for this committee been prepared ?

The President: The whole thing is still in embryo. We have to give our approval first of all. I hope our representative will be in touch with the Federation, and the different Chambers of the Federation will tell him what amount of particular statistics they require. I think what we can anticipate is that probably the representative of the Federation from time to time will find it necessary to consult the various member bodies as to whether they have got any suggestions to make.

Mr. R. K. Sidhwa : Will the representative of the Federation take instructions from the member bodies or from the Executive Committee ? How will he be in touch with them ?

The President : I am sure he will be in touch with the member bodies, and the member bodies also will keep in touch with him. He will have to be in touch with them so as to inspire confidence.

Mr. B. N. Chopra : May I know, Sir, when the work will start ?

The President : I think the Government knows more about it than I. So far as I know, I was told by the

Honourable the Commerce Member and the Commerce Secretary that they have got heaps of statistics awaiting publication, and that the commercial people have simply to select and say which statistics require publication and which not.

May I take it that the Federation approves of the idea ?

The President took the sense of the meeting and declared the proposal carried unanimously.

The President: I would like to invite suggestions about the question of the publication of a journal for the Federation. I would suggest that this Federation generally approves of the idea of starting the publication of a journal and leave the matter to the Executive Committee to examine the proposal and proceed with it if they find it feasible without waiting for the annual session of the Federation to place their views before them, so that twelve months may not be lost. If the Executive Committee of the Federation think that the proposal is a sound one and that they can manage the thing, let them start the journal right off. This Federation, in my opinion, may only give general approval at this stage.

Mr. Lalji Naranji: Am I right in assuming that the statistics used in the India House will also be available in the journal ?

The President: I hope so.

Mr. Sidhwa: Am I to understand that if this Federation here states that we generally approve of the idea of starting a journal, it means that we shall be committing ourselves as regards the financial aspect of the thing ? In my opinion, approval means certainly that we do feel that the journal should be started. Whether it would cost Rs. 50,000 or Rs. 20,000 a year is a matter for consideration later. My own view is, Sir, that having con-

sented to the first part of the proposal, which is really very useful, we should wait for one year to see how those statistics to be published are going to be useful and then launch the scheme of starting our own journal. In the meantime, let the Executive Committee, which is a competent body, examine the idea and prepare a full scheme, stating what the cost will be. Such a scheme may be placed before the Federation at its next session. We shall have by that time an idea of the statistics that are going to be published.

The President : That was exactly the proposal before the House. Approval means that the idea should be considered and a definite scheme should be put before the next annual session of this Federation.

Mr. R. K. Sidhwa : Will not general approval commit the Federation to a certain extent ?

Mr. Hooseinbhoy Lalji : I am of opinion that the journal should be started as soon as possible. Without a journal we are really very much handicapped. I am sure, as soon as we start the journal, not only the mercantile community, but even Government will be really in a position to see what the real condition of India is. Such a journal has long been wanting for all purposes, and I think, if we have a journal published by our Federation, it will carry weight not only with the Government but also with people as a whole, both in and outside India. It is high time that we make a beginning.

The President : I think we all agree that some sort of journal on behalf of the Federation must be started. It was Mr. Sidhwa who raised the question whether and to that extent the Federation would be undertaking any liability. I think if we decide to publish a journal as early as possible, the probable procedure would be that, after the scheme has been formulated by the Executive Committee it will be circulated to the member bodies, and they will have time to express their views. In any case nothing will

be done without consulting the member bodies. Whether the scheme matures before the next annual session or is delayed, the fact remains that it will be done with the full consent of the member bodies. Therefore I take it that this Federation approves of the idea and that the scheme should be examined and proposals about its financial aspect and other aspects should be formulated and placed before the member bodies before the next annual session, or if they are not ready, at any rate at the time of the next session.

The proposal was unanimously approved.

Mr. R. H. Gandhi: Mr. R. H. Gandhi rose to move resolution No. 14 regarding Railway Advisory Committees and their functions. The President suggested that as it was already past six and as the Honourable the Railway Member was expected to be present, the resolution might be taken up the next day.

The President, after taking the sense of the House, adjourned the meeting till 10-30 a.m. on Sunday, the 16th February.

THIRD DAY'S PROCEEDINGS.

FEBRUARY 16, 1930.

The Session commenced at the University Hall, Delhi, on Sunday, the 16th February, 1930, at 10-30 a.m., with the President, Mr. G. D. Birla, in the Chair,

Government member: The Hon'ble Sir George Rainy, K.C.I.E., C.S.I.

Commercial Documents.

The President called upon Mr. D. P. Khaitan to move resolution re. Commercial Documents.

Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta); Sir, I beg to move:

"The Federation urges upon the Government of India the necessity of passing legislation to make Mates' Receipts, documents of title to goods or alternatively of passing legislation for securing *bona fide* holders of Mates' Receipts against fraudulent shippers obtaining Bills of Lading without paying for the goods."

Sir, this matter is of common interest to the mercantile community at all the ports. But in order to illustrate what the subject matter of this resolution is, I shall take up the hessian trade in Calcutta. In the contracts for the sale and purchase of jute, hessian and other jute manufactures there is always a clause that the buyer has to pay the value of the goods in return for the Mates' Receipt tendered by the seller. The Mates' Receipt is a document that is granted by the captain of the ship to the person who tenders the goods for shipment. As a matter of fact the contract of affreightment is between the ship-owner and the shipper, that is the person who is ultimately the buyer of the goods. It has been held by the courts not only in Calcutta but also in Bombay and Madras that, whether the Mates' Receipt is actually produced or not, the captain of the ship is entitled to issue a Bill of Lading to the shipper who has actually entered into the contract of affreightment A practice has grown up in Calcutta,

Madras and Bombay, as I have already said, on account of the clause in the contract, that the buyer must pay for the goods in return for that Mates' Receipt. It usually happens that between the person who actually takes the cargo to the boat and the shipper of the goods there are intermediate parties who have bought from the actual manufacturer or producer and sells it to another party and that party again sells to another and ultimately the goods are sold to the shipper. Cases have happened in which, on account of the law as interpreted by the courts at present, the captain of the ship has issued a Bill of Lading to the shipper and the intermediate sellers or the first manufacturer or producer who takes the cargo to the boat are unable to realise the money from the shipper. I know even of cases in which on account of the provision in the contract it has happened that one of the intermediate parties knew fully well that the Bill of Lading had been issued to the shipper and that the shipper had become bankrupt and was unable to pay for the goods, but eminent counsel in Calcutta advised the intermediate parties that for the scrap of paper called the Mates' Receipt he had to pay the full value of the goods, knowing fully well that the goods to all intents and purposes did not exist and that it was impossible for him to realise the value from the shipper. Now these cases have caused great losses, amounting to several lakhs of rupees in the year 1929 in Calcutta on account of a Japanese firm having become insolvent and having obtained several bills of lading from a Japanese steamship company and refusing to pay for the goods to his own sellers; and as I have already stated people had even to pay full value of the goods in return for the Mates' Receipt. Thought was given to the question in Calcutta as to whether a different practice could be formulated and the terms of the contract could be altered whereby the buyer was not under obligation to pay in return for the Mates' Receipt but for something more substantial. But no better means could be devised to carry on the trade smoothly. It was once thought as to whether the issue of a delivery order, and the payment of value

against delivery orders could serve the purpose but it was found that that would put the shipper in a position of great difficulty. The shipper would have to pay for the delivery order long before the goods were shipped. At present what happens is that a jute mill sends the cargo to the boat and obtains a Mates' Receipt and at once tenders the Mates' Receipt to its own buyer and that buyer pays for the goods and within three or four days or a week the Mates' Receipt reaches the shipper and he pays for the goods and obtains a Bill of Lading immediately and sends the Bill of Lading to the Bank and obtains the value of the goods. If that custom is changed it would happen that first of all the shipper would have to obtain a delivery order and then issue instructions to the mill to ship the goods and the goods would not be able to be given for fifteen or twenty days to the ship because matters would have to be regulated by the date of sailing of the ship and several other considerations which I need not detail here; and the shipper would not, in the meantime, because he has to send the delivery order to the mills, be able to obtain money from the Bank against the value paid by himself to his own seller. So that if any attempt were to be made to alter the practice that exists in the trade in this respect, it would amount to a great inconvenience not only to the intermediate parties but also to the shipper of the goods. Cases have already been decided by the Calcutta High Court that the captain of the ship is entitled under the present law to issue a Bill of Lading to the shipper without taking note of the fact that the Mates' Receipt is held by another party. This question was raised by the Indian Chamber of Commerce, Calcutta, in submitting its opinion on the Sale of Goods Bill. The Sale of Goods Bill, as you all know, was referred to a Select Committee and the Select Committee considered this question and these remarks appeared in their Report. I will read it to you because it is a very short quotation.

> "A suggestion has been made that the Mates' Receipt should be included in the definition of document of title to goods.

We considered the suggestion and have come to the conclusion that notwithstanding the irregular practice in Calcutta of treating the Mates Receipt on the same footing as a Bill of Lading a Mates' Receipt cannot be treated as a document of title. A Mates' Receipt is a mere acknowledgment of the receipt of goods on behlf of the ship. A person in possession of the Mates' Receipt is, as a general rule, entitled to a Bill of Lading, which is the document of title to the goods. The High Court of Calcutta have taken the same view. We are not aware of any judicial decision which regards a Mates' Receipt as a document of title. In England it has been held that mere endorsement or transfer of a Mates'Receipt without notice to the ship-owner or his agent does not pass the property in the goods; and a custom to that effect is bad. If a Mates Receipt were treated as a document of title then on the issue of a Bill of Lading without the Mates' Receipt having been surrendered, there will be two document of title in existence relating to the same goods. This would be highly undesirable from a business point of view."

After reading this Repert I have no hesitation in thinking that the Select Committee did not properly understand the question because, firstly, they have simply laid down the law as it is at present. If the law was to serve the convenience of trade, if the law was correct from our point of view, there would have been no occasion for the Indian Chamber to submit its opinion for a change in the law to the Government of India. It is because the law as interpreted to-day is bad so far as the trade is concerned and it is because that a necessity arose for its change, that the Chamber submitted a proposal for a change in the law.

The Select Committee did not consider that question from that point of view. They have simply come to the conclusion that the practice in Calcutta is irregular because of the present law. It is conceded that if law is left as it is at present the practice is certainly irregular, but as there can be no more convenient practice the submission is made that the Government of India should consider the question more closely and fully than the Select Committee has been able to do. It is a well-known theory of legislation that law follows custom and that law is made for the purpose of serving the

public. Law cannot be so hard and fast that it cannot be altered. Daily, legislation is passed in order to change the existing law, and there is no reason that simply because the state of the law at present is of a particular kind and the law has been interpreted by the Judges in a paritícular manner, there can be no change in the existing law. I hope the Government of India will not take up the stand that simply because the law exists in a particular manner therfore it cannot be altered. If the needs of trade, if the convenience of trade require it and if it can be established as it has been according to the admission of the Select Committee that a particular practice does exist in Calcutta—and I say it also exists in Madras and Bombay, I do not know about Karachi and that it has been existing for at least half a century in these three big ports, there is no reason why the Government of India should not go more fully into the matter and see what is for the convenience of trade and commerce. This matter requires a little more investigation than the Select Committee were able to give to it. It appears that the members of the Select Committee were Sir B. L. Mitter, Sir Dinsha Mulla Mr. Shah Nawaz and Mr. A. K. Siddiqi and it unfortunately happened that none of these gentlemen was a merchant and I can quite understand that they were unable to understand the proposition as they did not come from the mercantile community. What I take the strongest exception to is the remark by the Select Committee that if a Mates' Receipt were treated as a document of title then on the issue of a Bill of Lading without the Mates' Recipt having been surrendered there will be two document of title. This is just the inequity of the position out of which we want to get out. Why should there be a position in which there will be two documents of title ? Under the present practice a Mates' Receipt is treated as a document of title by the mercantile community and the captain of the ship issuing a Bill of Lading without the production of the Mates' Receipt brings into existence another document of title to the goods. We want to cure that practice in order that without the production of the Mates' Receipt the Bill of Lading, that is the

shipped Bill of Lading must not be issued by the captain of of the ship, the effect of which is to bring into existence two documents of title to the goods. The position which is used by the Select Committee as an argument against us is really the position to cure which we want an alteration in the law and I do hope that this inconvenience of the mercantile community will be removed by a closer and fuller investigation to be carried out by the Government of India for altering the law in this respect.

Mr. H. P. Bagaria (East India Jute Association, Calcutta) seconding the Resolution, said: Sir, I have to say very little in supporting the Resolution moved by Mr. D. P. Khaitan. Mr. Khaitan has told us as to how by the issue of Bills of Lading without the production of Mates' Receipts, two sets of documents of title are brought into existence, entitling the holders to the goods. Recently a suit was filed in the Calcutta High Court by a party who had given a notice to the shipping company that he had a lien on the goods and till that case was decided the steamer companies all made it a practice not to issue Bills of Lading till the Mates' Receipts were surrendered to them. I do not see any reason why that practice cannot be continued. I would also like to mention that there is some difference in the trade custom in Calcutta and in Bombay. In Bombay, cotton is taken delivery of by the shippers at the sellers' godowns and the shippers give their own receipt, payment for which is made on the same day. If the sellers have some doubt as to the financial standing of the shippers they can demand cash at their godown; in Calcutta, the custom is quite different. In Calcutta, the mills or the balers of jute are the original sellers and the goods pass through different parties—sometimes as many as fifty or even more-before the goods reach the hands of the final shippers. The shipping instructions issued by the shippers are passed on from party to party till they get into the hands of the original sellers who bring down the goods alongside the steamer named. The original sellers get a Mates' receipt for their goods. They tender that receipt not to the shippers but to their immediate

buyers who make payment for it and in turn tender it to their buyers and so on. If in the meantime the shipper fails his immediate seller finds that whilst he has to make payment against a tender of Mates' Receipt he cannot get payment for it as the shipper has already got hold of Bills of Lading from the steamship company.

Now, as Mr. Khaitan has pointed out, cases have happened in which people had to make payments for a Mates'-Receipt, which in fact represented nothing. It is, therefore, a great hardship on the merchants connected with the hessian and jute trade. I would, therefore, strongly recommend this proposition, and I hope the House will accept it.

The President: A notice has been given by Mr. C. A. Buch to the effect that he wants to move an amendment.

Mr. C. A. Buch (Buyers & Shippers' Chamber, Karachi): Sir, I beg to move the following amendment to the Resolution which has just been proposed and seconded:

"That a Committee consisting of:

(1) Mr. D. P. Khaitan, Mover of the Resolution,

(2) Mr. H. P. Bagaria, Seconder of the Resolution,

(3) Mr. M. A. Master, Hony. Secretary, Indian National Steamship Owners' Association, and

(4) Mr. Fakirjee Cowasjee,

be asked to consider this question and that their considered opinion, when received, be referred to the Member-Bodies for views and comments."

The reason why I consider it necessary to move this amendment is that, in my humble opinion, behind this Resolution there lurks a slight misconception of the contract of affreightment, namely, the Bill of Lading. This document is desired to be substituted by, what an eminent counsel in Calcutta, about whose eminence I cannot vouch except on the authority of the mover, described as a scrap of paper...

Mr. Khaitan: Sir, I think there is some misunderstanding on the question. What I said was, if the Bill of Lading is issued by the Captain of the ship to the shipper it, *i.e.*, the Mates' Receipt becomes a scrap of paper, and that is the opinion given by an eminent counsel in spite of the fact that he has also given the opinion that because of the terms of the contract payment for the full value of the goods has to be made to the seller.

Mr. Buch: I am glad to see, Sir, that the eminent counsel had not developed a Russian outlook in matters of business. A Mates' Receipt, which is a preliminary document to the B/L is, always checked and counter-checked by five other documents, and until that is done, it is a very haphazard document. The contract of affreightment is entirely between two parties, the man that ships and the ship-owner, or the ship's agent, who is often represented, as in a case of the kind mentioned by the Mover, by the Captain himself. Even the B/L as a contract, has a peculiarity which distinguishes it from other contracts. All ordinary contracts and agreements are entered into by the parties before the work which is stipulated by the contract is carried out. A B/L is signed after the goods are delivered for carriage. So it is more or less an evidence of a contract and not a contract strictly in law. Hence to add further complications to the position of this contract of affreightment would mean the weakening of the position of this contract itself. With reference to the Calcutta cases mentioned by the Mover, I fully appreciate the difficulties that are found in Calcutta in the Jute and Hessian trade where *Inter Bazar* transactions are so popular, and I am sure are so very necessary. Another counsel, about whose eminence again I cannot vouch, is said to have given the opinion to the Jute Dealers' Association in Calcutta, I think he was a member of the firm of Messrs. Orr, Dignam & Co., that it was quite possible for the sellers....

Mr. Bagaria: May I point out the Jute Dealers' Association is not at all consulted....

Mr. Buch: Not being a Calcutta man I have merely to rely upon what I hear. Anyhow, I understand that the opinion was expressed by a member of Messrs. Orr, Dignam & Co. that the legal solution of the problem could be had if the millers as sellers went in for the B/L and the endorsements for *Inter Bazar* transactions were made on B/L instead of being made on Mates' Receipts.

Mr. Khaitan: May I correct the speaker again? The Captain of the ship would not issue the B/L to the mill that sends the cargo on account of the mere fact that there is no contract of affreightment between the mill and the captain of the ship, but the contract is between the shipper and the Captain of the ship.

Mr. Buch: I claim to be on firmer grounds in that respect at least. The Captain of the ship would certainly not refuse to give a B/L without a Mates' Receipt if the endorsements on the Mates' Receipts were previously made known to the Captain or his agents at the port. That is the English law, and that is the law which is accepted universally by what is known in the shipping world as the Hague Rules of 1924 and arrived at an International Conference. That is again the universal practice, and in India also it is followed. It is therefore quite obvious, as was remarked by one of the judicial authorities in Calcutta, that the Captain of a ship is quite justified in refusing to give the B/L or to give a receipt for the goods or to give the goods to anybody who produces a Mates' Receipt. A Mates' Receipt is ordinarily given to the man that puts the goods alongside and not to the man that pays the freight. It is the man that books the goods and pays the freight, that is the contracting party to a Bill of Lading.

Sir, If I have convinced you that there are difficulties and there are differences of opinion as well on this matter, then I think my suggestion that this matter should be referred to a sub-committee of people who know these things should be accepted. I want that their opinion

should be circulated to the member bodies of this Federation to elicit their views and their comments may be scrutinised by this body before proceeding with the main Resolution. I need not suggest any remedies that would solve the present difficulties, because I would leave them to the Committee to suggest them.

I would, however, like to reply to one remark which fell from the Mover. He pointed out that the law should follow custom. Yes, in social matters it may, and in social matters it should not only follow custom but it should even foreshadow custom. But in matters of business, as in matters of 'law and order,' I think the change (a Voice: an exchange)—all right I accept the amendment,—I think the change can be made if it is found that the custom is not entirely good, or that if the custom is legalised, it would mean greater hardship. If I were to take an extreme case, the customs of the Criminal Tribes in India and elsewhere in the world may never be accepted as worthy of legal sanction by our sober legislators, because those customs have existed from times immemorial. I would not, therefore, subscribe to the aphorism, that law should follow custom everywhere. Gentlemen, I would now commend this amendment for your approval. I simply ask that all the member bodies of this Chamber must be consulted before such a recommendation is made by so august a body as this Federation. I am standing here, Sir, for the rights of all of us as against the inconveniences of one single port. I hope I have convinced the House sufficiently about the necessity of accepting my amendment, and that I can rely upon your support in this matter.

Mr. G. L. Mehta: (*Indian Chamber of Commerce Calcutta*): Sir I rise to second the amendment which has been moved by Mr. Buch and in doing so I should like to make a few observation. Mr. Buch has dealt with the general aspect of this case, and I should like to point out that coming as I do from Calcutta I know the hardships caused in this matter to jute and gunny trade. I do not wish to deny that, but I would like

to point out that before a responsible and important body like this Federation suggests such a change in the law it should consult all the various interests concerned, and I would, therefore, suggest that the amendment moved by Mr. Buch should be accepted. This matter, Sir, is rather a technical one and I do not know how the voting on it will take place and I hope that members will not be influenced by the personality of Mr. Khaitan. I hope, therefore, that he will kindly accept the appeal that has been made by Mr. Buch and approve of the suggestion made by us. Sir, in seconding this amendment, I wish to point out a few difficulties in enacting the change proposed by Mr. Khaitan. In the first place, as Mr. Buch has pointed out, the present law on the subject is in consonance with the shipping and mercantile law in England, and also, so far as I am aware, of other countries. It is evident that the law relating to the whole of India will have to be altered because of the special conditions existing in Calcutta. Even in Calcutta, so far as I am aware, it is only in gunny and jute trades that these difficulties are experienced as we do not hear of any such complaints from other trades which are content to exchange Mate's Receipts with Bs/L. In Burmah millions of tons of rice are shipped without this difficulty being ever experienced because rice mills do not pass delivery orders before payment. It is owing to the peculiar nature of the transactions taking place in jute and gunny trades which Mr. Khaitan has so lucidly explained, that this difficulty arises. Hence a law which will involve not only all India but International contracts is sought to be changed to legalise a practice which is not to be found in other parts of India and is also (as the law stands to-day) not strictly legal. If I may submit with all diference to the Mover, this is tackling the problem at the wrong end. For instead of bringing a practice in to conformity with law, the law is sought to be amended for accommodating that practice. Since Shipping law is international in its effects, it is not possible to make such an amendment without violating other maritime laws, going contrary to shipping practice

and involving more complications than are likely to be solved.

The Shipping Company contracts with a shipper for carrying goods. The shipping order is issued in his name, freight is booked in his name, boat note is issued in his name, Custom pass is made out in his name, freight is also paid by him and yet if Mate's Receipt is to be made a document of title, it would have to be handed over to anybody who brings the goods alongside whether he is the genuine shipper or not. In this connection the observation of Mr. Justice Buckland delivered in a case in July last year of Ramjiban Serougee *vs.* International Export Co., , and others is worth quoting. He said: — "The fact that a B/L could not be issued to the shipper could not exclude the delivery of a Mate's Receipt as an acknowledgement of the receipt of the goods". Again, he observed:—"the practical result would be to entitle whoever put the goods on board to a B/L to the exclusion of the shipper". The whole difficulty in the case of jute and gunny shipments in Calcutta arises from the fact that cargo is booked by one party while it is brought alongside by another party which is often unpaid for those goods.

Thus a shipping company would be held responsible by both the party which puts the goods on board a steamer as well as the party which has contracted to make the shipment. Another point which I wish to submit is that the Mate's Receipt is simply a receipt handed over by the Master or his representative acknowledging receipt of the goods on board a steamer. It is no proof of freight having been paid and until freight is paid, the shipping company itself has a lien upon the goods. Hence more than one lien would come into existence and the legal position, I fear, would be complicated. Besides in case anything goes amiss, from whom would the freight be recovered by the shipping company? Lastly the Bill of Lading is issued subject to certain conditions. These conditions are not embodied in Mate's Receipt and if Mate's receipt is made negotiable, the party possessing it can plead ignorance of those conditions and the shipping com-

pany's risk and liability are correspendingly increased. A shipping company can look to shipper and shipper alone for freight and it cannot therefore recognise the existence of a third party in their mutual contract. The shipowner must give the Bill of Lading to the person entitled to have it, who is usually the person who has shipped the goods and is a contracting party. The shipowner is therefore justified in treating him as entitled to the possession of goods unless he has some notice to the contrary. Mr. Bagaria mentioned a notice of lien. If such a notice of lien is issued, then the shipping company would be held liable if it issued Bill of Lading without Mate's Receipt. The shipowner is not expected to inquire every time a person ships goods as to how he came to possess them and whether he has unpaid vendors for them. The mere fact of holding the Mate's Receipt does not give the holder the right to claim the Bill of Lading. If the Bill of Lading has been issued to the person actually entitled to the goods, it is not fair to hold the shipowner responsible. Moreover, it must be pointed out that according to Section 95 of the Contract Act, an unpaid vendor's lien is possessory and it comes to an end as soon as he parts with the possession of goods. Justice Costello held in the case of Mahaliram Ramjidas *vs.* Nippon Yusen Kaisha in May last year that the property in the goods had passed to the purchasers as soon as the goods were placed alongside the vessel in as much as the Mate's Receipt was issued in the name of the shippers; Thus by making Mate's Receipt a document of title, shipowners would needlessly be involved in disputes with which as carriers they have no concern. I do submit that there are many other difficulties involved in this question which do not concern merely the jute or gunny trade of Calcutta but affect the whole question of freight and contract between the shipping company and the shipper and I would, therefore, suggest that before the Federation makes a recommendation to the Government they should themselves go into this question and take the advice of all interests concerned, so that apart from this question of making the Mate's Receipts a document of title, if there is any other solution of this

difficulty, it could also be investigated. I, therefore, second the amendment moved by Mr. Buch.

Mr. B. Das (B. & O. Chamber, Patna):—Sir, I want to oppose the amendment which is intended to block the way of the good purpose for which Mr. Khaitan moved the Resolution. Government can ask every Chamber of Commerce to give its views. There are European shipping interests which represent bigger interest than the interest which my friend represents. There are European shipping brokers and agents who have got to be consulted. Therefore, if Government makes the inquiry, legislation will not be blocked and legislation would be expedited. It is no use our standing in the way of Government making such an inquiry.

The President:—In view of the views expressed on both sides, I think it will be desirable if we had a committee of the kind and I hope Mr. Khaitan will accept the propored amendment. If you think it will facilitate business, I shall ask the Honourable Sir George Rainy to enlighten us with his views on this subject, as the spokesman of the Government of India.

The Honourable Sir George Rainy:—I am afraid I am hardly in a position to enlighten the Federation on this particular subject. As you know and the Mover of the Resolution knows, the matter is one which might have been dealt with in connection with the Sale of Goods Bill which is now before the Legislature. I think it has been the practice of the members of the Government of India, I know it has been mine and that of Sir B. N. Mitra, that when a matter is once before the legislature, it is better that the members of the Government should not discuss the merits of the proposal elsewhere while the Bill is actually pending. The only other thing which I wish to say is this. I think that the speeches delivered on this subject here have been delivered in the wrong place. They ought to have been made in the Legislative Assembly a week or two ago and they can still be made in the Council of State a week or two hence. The

Legislature is seized of the Bill and that is the place to put proposal forward and urgue them out. When there is a difference of opinion as to the precise procedure to be adopted by the Federation, it is not for me to meddle in their domestic concerns. I would, however, give a final word of advice to my friend Mr. Khaitan. If he feels strongly, as I think he does, I think his best course would be to see the Law Member and see whether he can convince him. I may say, however, that while my Honourable colleague Sir Brojendra Mitter is not a merchant, he must have acquired in the course of his practice in Calcutta, a pretty close acquaintance with the ordinary mercantile practices of the port and I have no doubt that he will be able to grasp all the points speedily.

Mr. D. P. Khaitain:—I am prepared to accept the amendment.

The amendment was carried as substantive proposition.

The President:—I would ask Mr. Lalji Narainji to move Resolutions Nos. 15 and 16 together. It will facilitate business if he can move both of them together and Sir George Rainy will be able to give one reply instead of two.

INSURANCE BUSINESS IN INDIA.

Mr. Lalji Naranji (*Indian Merchants' Chamber, Bombay*):

1.—"The Federation is of opinion that in order to protect and safeguard the rights of Policy-holders and creditors of this country immediate legislation is necessary for regulating the insurance business transacted in this country and recommends that for such purpose:—

(*a*) A Board of Control be created to supervise all classes of Insurance business transacted in this country,

(*b*) It should be made obligatory on foreign insurance companies to obtain a license from such Board of Control before beginning to transact business in this country.

(*c*) It should be made obligatory on foreign companies

desirous of transacting business in this country to pay an entrance fee (being a certain percentage of the paid-up capital of the company to be fixed by the Board of Control) and also such annual fee as to meet the cost of such Insurance Department to be created.

(*d*) It should be made obligatory on foreign companies desirous of transcting business in this country to submit their Articles of Association and such other documents as may be required by the Board of Control along with the application for the License.

(*e*) Ii should be made obligatory on foreign Insurance companies desirous of transacting business in this country to file their Annual Balance Sheets in regard to Indian business and Revenue Accounts of all departments according to the Indian Companies' Act with the Board of Control.

(*f*) It should be made obligatory on foreign companies to make a deposit (the amount to be fixed by the Board of Control) before commencing business in this country and also to agree to invest a cetain percentage (to be fixed by the Boad of Control, of their premium income as reserve in India.

(*g*) It should be obligatory on foreign companies desirous of transacting business in this country to abide by the laws of this country in all matters.

(*h*) Only such companies as issue their own separate Annual Balance Sheets will be entitled to apply for the License to transact Insurance business in this country."

2. (*a*) The Federation views with satisfaction that the Imperial Bank of India has now begun to work as Agents of Indian Insurance Companies in some places and hopes that in good time, all the branches of the said Bank in India will take up the Agencies of Indian Insurance Companies in order to retain and add to the wealth of this country.

(*b*) The Federation appeals to all local and foreign Banks doing business in this country to accept the Policies issued by Indian Insurance Companies after the the necessary investigations as to their re-insurance and retaining limits, and further urges upon the Exchange Banks, particuarly those issuing Letters of Credit, to treat Indian Insurance Companies as Britsh Companies

for insurance to be effected and not exclude the Indian Insurance Companies owing to their being 'Rupee Companies incorporated in India.'

(c) The Federation calls upon all merchants, traders, industrialists and everyone doing business in this country to support Indian Insurance Companies with a view to retain and add to the liquid wealth of this country for the legitimate growth and development of the trade and industry of this country.

Before I commend this Resolution to the acceptance of this House I would remind the Honourable Member in charge that this subject has been under the consideration of the Government since 1920. Government were approached about the desirability of such legislation and Government have agreed with the views of the commercial community. All that they have done is to bring in one piece of legislation which was an amendment and it was passed in 1928. After that Act was passed, we find that the Government have issued a form of the statistics to be collected and that form is so imperfect that it only asks for the net premium, income figures and the gross losses. The attention of the department was drawn by the insurance companies but nothing has been done till now. The Federation will be much obliged if the Honourable Member will throw some light on why the Government only get such imperfect statistics in order to enable them to know what business is done by the foreign insurance companies.

In submitting this resolution to your acceptance, I do not think it is necessary for me to take much of your time. Insurance is nothing else but an arrangement made by a number of people to see that in case of a calamity overtaking any one of such members, the burden will not fall heavily on one individual but be shared by many. The amount collected from every individual is a regular contribution towards maintaining the risks covered from any danger. These regular contributions are called premiums, and inasmuch as these contributions are collected from the people belonging to a country, it is only reason-

able that they should be maintained in the country itself. It is on this principle .that every country throughout the world has been working and the insurance business has become prosperous. The position in this country, however, was, and even to a great extent is, that we have in our midst nearly 100 non-Indian companies. As a matter of fact, until 11 years ago, these non-Indian companies had practically the monopoly of the general insurance business.

It was in the year 1919 that some important general insurance companies were started in Bombay with an aggregate paid-up capital of over Rs. 1,80,00,000.

Life insurance companies, of course, have been established in this country for quite a long time. But following the world progress in the insurance business, the development of the life insurance companies during the last ten years even in India has been remarkable. As a matter of fact, Indian life companies have trebled and quadrupled their business and funds during the last decade. Non-Indian companies even in this line find that there is a vast field for life insurance in this country and new and powerful foreign rivals are appearing on the scene every year. To-day, the funds of the life insurance companies of India exceed Rs. 17 crores, the major portion of which is invested in Government securities.

Now coming to the general insurance business, as I stated above, until 1919 the field was entirely with non-Indian companies, but the advent of half a dozen Indian insurance companies was responsible for diverting a very small portion of this business to the latter. The fact that nearly two crores of rupees were available for this business showed at once the tendency of the country to help their own companies and also the faith and confidence of the people of this country in the future of these companies. Yet, out of this paid-up capital, one company alone returned to its share-holders no less a sum than Rs. 45 lakhs two

years ago, and in spite of this, the assets of these companies stand at nearly Rs. 3 crores—the additions being the reserves accumulated from premiums. I may mention here that general companies in open countries started in the same period as the Indian companies were formed are now doing four to five times the business compared to their paid-up capital because of the interest which the Governments of those countries have taken in the development of insurance companies. Indian companies in the aggregate are writing a little more than their paid-up capital in the shape of premium income from all classes of business compared to the huge volume of premiums written by companies abroad. The following figures will speak for themselves:—

Country.	Name.	Year started.	Paid-up Capital.	Premium Income.
Gr. Britain	Guildhall	1919	£1,25,001	£6,38,515
France.	Le Phoenix	1920	Fr. 40,00,000	Fr. 2,90,00,495
Germany	Iduna Transport	1920	Rm. 2,50,000	Rm. 24,25,000
Japan	Daito	1919	Yen. 6,50,000	Yen 19,63,000
Italy	Soc Italina	1918	L 33,00,000	L. 1,13,00,000

The advent of the Indian insurance companies has benefitted the trade directly in that the insurance rates have been considerably reduced. Speaking for Bombay alone, I can say that such reduction in many instances has amounted to anything between 25 and 50% of the rates compared to those ruling ten years ago. The cotton mills of Bombay got the same benefit. The cotton trade has equally benefitted and the retail trade, as a whole, has shared in the reduction. But for the fact that the Indian insurance companies came on the scene, the old rates would have remained and the trade would never have got the benefit it got as a direct result of the establishment of Indian companies. I do not think I should express any opinion whether such reducations were justified or not, but the fact remains that the reductions came about only when the local companies came on the scene. The marine insurance rates also

have been considerably reduced and in many cases these have reached such a low level that there is not much margin left for companies at all. As if competition, reduced rates and other disabilities are not enough, the Indian insurance companies find that their legitimate progress in our own country is thwarted by foreign exchange banks who have monopolised the exchange business in India. Much discrimination is being exercised in the acceptance of policies issued by Indian companies and I can give specific instances where policies issued by Indian companies were actually refused by some banks, and where this was not actually done, clients were instructed not to bring any more policies of Indian insurance companies. When a specific query was made to a British exchange bank whether Indian insurance companies can come under the category of British companies, as is provided in most of the letters of credit, the reply given was that inasmuch as Indian companies being rupee companies incorporated in India cannot come under that definition. I can say without any fear of contradiction that there is not one Indian insurance company—be it however strong financially—which has not experienced this treatment from one exchange bank or another. In almost all countries in the world, insurance and banking work hand in hand and actively co-operate with each other, but unfortunately in this country, although exchange banks are largely helped by the trade and commerce of this country, they (at any rate some of them) show an unfriendly attitude towards indigenous companies.

As things stand at present, India is the only country where are no restrictions placed on the activities of foreign concerns—be they insurance or otherwise. Every other country to-day is engaged in seeing that the economic field of the country is reserved and developed for its own benefit and to help the people in that direction the Governments have introduced legislations favourable to local concerns. India is still an open and free country for any one to come and do what he likes against Indian's consent. The danger involved in such a policy, particularly, in the insurance

business, is very serious indeed. About three years ago, certain continental fire insurance companies came out and opened out branches in Bombay and began to compete for business throughout the Presidency at ruinous commissions. Certain local companies who have had dealings with these new.comers found difficulty in collecting re-insurance premiums and other payments and the matter had actually to be reported to the head offices of these companies. It was after considerable time that the head office sent a special official to look into the matter.

Insurance is the only business in India where foreign companies, under rules framed by them long before Indian companies came on the field, have the privilege of appointing agents for companies which have been either absorbed by them or taken over by them. In other words, defunct companies simply because these have been taken over by a large company, can do business in this country whereas they cannot dream of it in their own country. It is very necessary that in any legislation that may be introduced no license should be given to any foreign company unless it has its own registered office with a separate Board of Directors and issues its balance sheet every year. Otherwise their is no meaning in allowing a dead thing to operate in this country.

Insurance business throughout the world to day is being watched by Governments and this important branch is being protected in several countries against competition from foreigners. Legislations introduced in various countries in regard to the insurance business are such that it has become impossible for foreign companies to enter such fields with any hope of profit. The tendency in the insurance world is for business to be concentrated in the hands of indigenous concerns, and this fact can be verified from the facts which are available. Some countries have introduced such stringent legislations entirely favourable to local companies that foreign companies have retired of their own accord. To give specific instances, in the Argentine, foreign

companies are called to put in a deposit of 600,000 dollars for fire and 400,000 dollars for marine and for every additional line 200,000, dollars. Local companies, however, can operate if they have a paid-up capital of 300,000 dollars for fire and 200,000 dollars for marine and 100,000 for other class of business. Spain has such a law that it taxes companies doing business there on profits obtained from world business, instead of only from Spanish business. In Canada and United States, no insurance can be effected by anyone with a company not licensed to do business in the country. Such licenses can be obtained only after heavy deposits have been put in and after other strict formalities have gone through. In Canada, there is a tax levied on its citizens at the rate of 5 per cent of the net premiums if insurance is placed with a non-licensed company.

There is a law in Spain which compels all persons travelling in Spanish Railways to insure against accidents through the Spanish Government.

Special taxes on insurance business are levied and some countries insist upon such taxes being paid even on world-wide business. According to an Insurance Official who has examined insurance legislation against foreign companies in connection with 50 States, it was found that as many as 35 countries insist upon a deposit varying from small sums upto a maximum of £46,000 for one class of business. So far as Europe is concerned, a deposit is compulsory in all countries excepting France, Denmark, Holland and Belgium. In addition to fixed deposits, more than 12 countries insist upon a further deposit proportionate to the actual premium income written.

In many countries foreign insurance companies are called upon to (1) pay a duty based either on its paid-up capital, say 1/3 or 1/2 %, (2) pay an initial deposit on each class of business, (3) it is compulsorily made obligatory on such companies to invest a certain percentage of its premium income in the securities of the country for the security of its

Policyholders, and (4) foreign companies are called upon to file separate balance sheets showing the business done in that country. The following countries showing the method of legislation will be of interest :

Belgium. A license should be obtained.

A duty calculated as following should be paid :

Share capital :

Frcs. 5,000,000.	duty Frcs.	2,000.
5 to 10,000,000.	,,	4,000.
10 to 20,000,000.	,,	8,000.
20 to 50,000,000.	,,	20,000.
50,000,000.	,,	50,000.

Czechoslovakia. An admission fee calculated as follows should be paid :

on a capital not exceeding	kc. 2,000,000 – 2%
–	kc. 20,000,000 – 3%
–	kc. 50,000,000 – 4%
–	kc. 100,000,000 – 5%
–	kc. 200,000,000 – 6%

Foreign companies must pay a business tax on the profit of their Czechoslovakian business which is equal to 10% of the net profit.

Danzig. Foreign companies should make an initial deposit of £.5000 sterling.

France. License should be obtained.

A special balance sheet of the French business should be filed.

Deposits are demanded on the principle of reciprocity.

Before foreign companies can commence business in France they must name a foreign bank with a share capital of at least 20,000,000 Francs which can be held responsible

for their payment of duties, taxes, etc. No foreign company will be admitted unless this name is given to the Ministry.

Germany. The admission of foreign companies is always dependent upon adequate deposit in proportion to the volume of business written. In respect to Property insurance, in addition to a fixed deposit of 500,000. Marks, a moveable deposit must be reckoned with calculated on the basis of 50% of the gross premium receipts obtained during the previous year from direct business underwritten in the respective branches. Foreign companies carrying on accident and liability insurances are bound to secure the premium reserves for all business written in Germany in such manner that they cannot be disposed of without the Board of Supervision giving previous consent.

Great Britain. Every foreign company must file its Charter, Memorandum of Association, etc. in English giving the list of its Directors, etc.

A deposit of £20,000 is required for fire and accident business. A separate deposit is required for life insurance, employers' liability insurance and Bond investment insurance and a single deposit of £20,000 will be enough for fire and accident business. Such deposits are required not as security, but as evidence of certain financial standing to prevent exploitation by individuals and companies of no substance.

Spain. A deposit of 200,000 Pesetas for life companies and 100,000 Posetas for fire companies. The principle of reciprocity prevails, with regard to foreign companies.

Sweden.	Deposit for life	100,000 Kr.	
	,, fire	100,000 ,,	
	,, Marine	100,000 ,,	
	,, 3rd party	200,000 ,,	(compulsory)
	Other classes	50,000 ,,	

Such deposits can be withdrawn only when the companies cease to do business and have no liabilities. Every year the foreign companies must file information regarding the Swedish business according to the form supplied.

Japan. Every foreign insurance company must obtain a license from the Government. A deposit of 150,000 Yens should be paid by life companies and 100,000 Yens by companies doing other than life business. A statement showing the business done in Japan should be filed. There is State supervision.

Argentine. The following deposits are required:

Fire business	600,000.
Other risks than fire	400,000.
For each additional risk	200,000.

Chille. Insurance in Chille can be carried on only by National joint stock insurance companies expressly authorised for the purpose. Agencies already established in Chille by foreign companies may continue their operations on the basis of their present organisation in accordance with the agreements and liabilities made or which may be made with the Government, but they must maintain investments in the manner prescribed. An amount of not less than 1,000,000. Pesos (1,000,000 dollars) and funds corresponding to the reserve for current or future risks on insurance contracted in Chille must be invested. The taxes on premiums payable by Agences of foreign companies is 6°/₀ on fire, 15°/₀ on life premiums as against 4°/₀ & 10°/₀ payable by national companies.

United States. License 500,000 Dollars.

Initial deposit 500,000 dollars on fire,
500,000 ,, ,, marine

and a premium reserve of about 50°/₀ of the premiums earned

to be invested in America. A separate balance-sheet of the American business should be filed.

Even a country which is near to us, namely, Siam, has recently introduced legislation against foreign insurance compenies under which these eompanies are called upon to put an initial deposit of Rs. 60,000 and it must be noted that there is not even a single local insurance company in Siam and yet the Government are anxious to protect the policy-holders of insurance companies by formulating legislation in regard to this business.

I am quite alive to the fact that the Government of India as far back as 1925 have published the text of a Bill which they proposed introducing in the Legislative Assembly. I have very carefully gone through this Bill but my candid opinion is that, as it stands at present, it will do little or no good to Indian insurance companies. It is no use promulgating any legislation unless it is going to be of good to the trade interests involved. The position is entirely different to-day from what it was in 1925. The Indian insurance companies have during the last ten years shown to the insuring public that they can meet their engagements promptly and regularly. Heavy claims made on these companies, as for instance, the big Karachi fire of 1928 where Indian insurance companies alone have paid over 27 lakhs of rupees, have been promptly met and it will be interesting to mention here that in the Karachi fire almost all the Policies were hypothecated to the Imperiel Bank of India and the whole of this money was paid to the Imperial Bank. In the ordinary course of business so many claims are being paid regularly every year as promptly and as generously as other companies are doing. This is just the time for the Government of India to introduce such legislation as will protect the future of these Indian insurance companies.

I need hardly mention that of all industries insurance industry is the one business where the liquid wealth of the country can be made to remain in the country. There is no

business which can be carried on without the help of insurance. It is difficult to estimate how much money is being spent in this country for buying insurance protection. But there can be no doubt that a very large amount is being paid by the businessmen of this country by way of insurance premium and I would appeal to everyone to see that as much of the insurance business as they control is placed with Indian insurance companies.

I only want to add a word about the next Resolution which the President has asked me to move, Resolution No. 2. The Imperial Bank after eight years' higgling and after eight years of explanations have now come to the best understanding and after enquiring everything about Indian insurance companies have now accepted the policies to an unlimited extent. If the Impeaial Bank of India in India is satitfied and if there is no other organisation in the Government as a Board of Control or Supervision, then it is quite necessary that exchange banks who are doing business in this country must be guided by the Imperial Bank or by the enquiries which the Imperial Bank institute on behalf of the Indian insurance companies. If Government will lose no more time in introducing legislation which I have narrated before this House as exists in other countries, then it would be of very great advantage to insurance companies here. Even in Great Britain, there is a law that no company can start business without paying £25,000 as a sort of security for financial stability. It is only in this country that any company, no matter what its standing is, can start business and get the support of not only exchange banks which control non-Indian interests, but they can also safely do business which Indians can legitimately claim to be their own. If exports and imports can be legitimately claimed by Indians to be their sole monoply, then insurance also should be the special field for Indian insurance companies and if insurance companies are strengthened, then in the course of another ten years, the insurance business will increase to such an extent that there would be no necessity for Indians to go and place their business outside India.

With these remarks, I commend my Resolutions for the acceptance of the House and I hope the Government Member will satisfy the House that there will be no more delay in bringing legislation in India on the lines that exist in other countries.

Mr. K. S. Ramachandra Iyer (*Indian Insurance Companies Association, Bombay*): After the very exhaustive manner in which Mr. Lalji Naranji has dealt with the subject, I do not think I have very much to add. I can only say this that so far as insurance business is concerned, the great activities that have been evinced more or less throughout the world in this business have been only during the last 12 years. Really speaking most of the countries throughout the world have found that after the termination of the War in 1918, insurance was the one business which has to be protected for the respective countries and the reasons are obvious. Because when the Great War of 1914 was started there was practically more or less foreign companies everywhere and most of the risks of enemy countries were covered with companies which became enemies when the war was declared. The result was that when claims arose a lot of difficulty was experienced by those countries which were at war with the result that enormous losses entailed. It was after the year 1918 that the world itself found that there was money in insurance. As a matter of fact, speaking on figures there are to-day accumulated by insurance companies throughout the world a sum equal to 10,000 crores of rupees calculated in Indian currency. Half of that money has been collected only during the last ten years. You can thus see what a great potentiality there was and there is in insurance. Out of these 10,000 crores of rupees which the world has collected in the shape of insuranee premia, the share that falls to poor India is not even 17 crores. We need not, however, be downhearted because until ten years ago we did not have even half of this much money. But the fact remains that in spite of the usual conservatism of India and the esual suspicious nature of our people towards everything Indian, the Indian insur

ance companies are slowly coming up because of the rallying round of our people towards Indian insurance companies. Mr. Lalaji made out a very good case so far as legislation is concerned. I may mention here that if any insurance company had to comply with the deposit requirements of several countries to do only one class of business, say, fire, that company will have to pay at least in deposit alone, leaving aside other things, a sum which will exceed 12 lakhs of pounds. That means that various countries outside India are making it impossile for foreign insurance companies to enter or to encroach on the preserves of other countries. What is it that we are asking the Government of India to do? We are not like the textile industry or even the iron and steel industry asking them to give us what is called direct subsidy. We certainly do not want a subsidy.

Mr. H. P. Mody: Nor do we want. We only want justice.

Mr. K. S. Ramachandra Iyer: Whatever it is we want the Government of India to move with the times and just follow the example of what other countries have done in so far as insurance business is concerned. All the legislation that we ask of them is nothing but the usual legislation that has been in force throughout the world. Mr. Lalaji gave an instance of those continental companies which came to Bombay about three years ago and which have now disappeared. That has been a great eye-opener to every insurance official like us, that unless there is some sort of restriction placed upon these companies there is no knowing how many foreign companies are already doing business and not meeting their engagements. These things do not come to light. I hope the Government of India will immediately and without any delay formulate legislation on the lines suggested in the first part of the Resolution in such a manner that such legislation will be really beneficial to Indian insurance companies. What these benefit should be is a matter which can be discussed hereafter, but it is necessary that for at least ten years to come legislation should be such that it will be of real benefit

to the Indian insurance companies. It does not matter if you ask the foreign companies three or four times the deposit. Why do we want this protection? Because of all business, in spite of depression that we hear in the trade of the country, it is the insurance business that is steadily coming up. As a matter of fact inspite of disabilities which Mr. Lalji so vividly narrated, Indian insurance companies find that their business is slowly increasing, but we have difficulties with foreign banks. If the difficulties were merely with foreign banks in accepting or turning down Indian insurance policies, one can understand. But the position becomes all the more serious when we take into account the usual bazaar talk that is going about the rejection of this or that policy with the result that certain genuine business with which the bank has nothing to do and which will automatically come to the Indian insurance companies goes elsewhere. One of my European colleagues who is the principal officer of an Indian insurance company openly told me that although he had not experienced any refusal of his company's policies, recently, yet he knew that certain business which would have come to him did not come to him. The conclusinn is irresistable, that some sort of underhand work is going on. These naturally put some obstacles in the legitamate growth of Indian insurance companies in our country. Thus foreign banks are to some extent responsible for the very slow growth of Indian insurance companies. As a matter of fact anybody who has read the Banking number of the *Indian Finance* so ably edited by my friend Mr. C. S. Rangaswami, would have found that in 1927 Japan introduced legislation with regard to banking under which the Minister in charge of licensing foreign banks has the power not only to stop the activities of foreign banks if he has any reasons to believe that such foreign banks or foreign concerns are engaged to the detriment of any Japanese concern but to cancel the license altogether. It is that sort of thing we want here. Why should we protect any non-Indian interests which come and spoil Indian interests? We hope that the Government of India will not make any further delay as is usually the

case with them in a matter like this because we all know that in 1925—five years ago—they at least published the draft of a Bill—absolutely unsatisfactory—with regard to insurance business and so far nothing has been done. Since five years the position has completely changed. This is just the time when the companies, without any protection whatsoever and without any outside assistance, have somehow been caming up and this is just the time they should be properly looked after. The companies are doing everything in their power to get better support and they are slowly getting it. We hope the Government of India will do everything in their power. As a matter of fact, looking to the weakness of India, certain very powerful foreign companies are getting very busy and have come in here and compete for the business. Take for instance the great British company, the Prudential of London which has got as much as over 320 crores in funds and yet they want a little more money because they find that the field in India is very good.

Very recently, about two or three months ago the Chairman of this Company went to his shareho'ders to ask them to vote a fresh capital of £.250,000, and for what reason? These are his words:

"It was not until some 5 or 6 years ago that the company undertook any transaction of this kind, and then only as an experiment and in a small way in India. That had shown encouraging signs of success. Although the question had been in the minds of the directors for some time, the main difficulty had been as to how they should deal with the inevitably heavy expenses in the early days of the business. That they had overcome by issuing the shares at a premium which afforded the handsome sum of £. 1,000,000, which could be used for the purpose as far as necessary."

This means that here is a large company, the largest, greatest and the biggest British insurance company in the world with practically 320 crores at their back, they do not want to use any portion of that money because it is trust

money and do not want to use it for the sake of competition. They go to their shareholders, tell them that they want new capital because they find among other things that the field in India is very profitable. And mind you, this very same company about three or four months ago, as everybody must have read in the newspapers, has set apart £. 1,000,000 for the purpose of financing British motor cars. What does it show? It means that the field in India is open, that India is an open country. The money is being taken out and we are crying out that India is being exploited this way and that way. It is this sort of exploitation which can easily be checked and the people can do it in their own way, but we want Government to come in and say that all non-Indian companies doing insurance business in India should comply with certain requirements as other countries demand it.

I do not think I need say anything more so far as legislation is concerned. There is one other point. Apart from the companies there is a large amount of business being placed out of India with what is known as Lloyd's. As you know they are only a syndicate of private individuals and perhaps nobody will know what is the amount of business done by Lloyd's. Even the amended Insurance Act of 1928 will not get at Lloyd's at all. So that even the statistics that we may obtain under the amended Act, imperfect in themselves, will not give the correct figure of insurance premium that goes out of this country, including Lloyd's. So that in any legislation that may be introduced we must bring in people like Lloyd's, so that nobody will do business unless and until the formalities provided and recommended by the Federation are properly organised.

Coming to the 2nd Resolution, we have heard what the Imperial Bank has done. What is good for the Imperial Bank is certainly good for the Exchange Banks, but unfortunately they do not think like that and there it is. We do not know how the Government of India should interfere in that matter, but I will leave it at that.

In so far as the last part of the Resolution is concerned, appealing to all the people to support Indian insurance companies, I take this opportunity to convey our Association's thanks to all the Chambers of Commerce representing Indian trade and commerce for the great interest that they have evinced in the progress of the Indian insurance companies, and I must say that most of these bodies have been good enough to pass Resolutions calling upon their members to support Indian insurance companies. On behalf of my Association representing all the Indian insurance companies I take this opportunity of making an earnest appeal to all the members of our Federation who are present here that they will do everything in their power to see that as far as possible Indian insurance companies are supported for all time to come.

The President: Gentlemen, before I put these Resolutions to the vote I would like to request Sir George Rainy to make his observations.

The Honourable Sir George Rainy: Mr. President, I should like to thank the Mover and the member who has supported the resolution for the fullness with which they have dealt with it, and if I may say so, for the clear and lucid manner in which they have explained the reasons which have led them to bring the matter forward. When I sit down I am afraid you may not be able to congratulate me on anything like the same fullness or anything like the same mastery of the subject, and I should like to say a word to explain one reason why that is so. We are extremely glad, —those of us who are residents of Delhi,—to see the Federation of the Indian Chambers of Commerce in Delhi.—if I may put it in familiar words, you are as welcome as flowers in spring—but you would be even more welcome if you had not come upon me just when I have been in the throes of the Railway budget and when quite a number of other subjects, as usually happens when the legislature is sitting, have been pressing for my attention. Therefore, I have to deal with all these questions with a divided mind, unable to

give more than a fraction of such brains as I possess to dealing with these important and interesting subjects which you bring to my notice.

Perhaps, I might dispose of one or two minor points first before coming to the main question. The Mover, Mr. Lalji Narainji expressed the view that the returns that were obtained under the Act of 1928 were defective: but I take it that his meaning is that the law as it stands is defective. I should like to be sure about that. I think I follow what the criticism was because the point was raised at the time in the Council of State when the Act was before the Legislature. I then undertook to consider the question as soon as we have time to scrutinise these returns. The latest information I have from the Government Actuary is that nearly all the new returns are now in. When we examine them—as we shall do with great care—we shall consider the question whether the law about these returns be amended. I think that is the only side issue with which it is necessary for me to deal.

When I read the Resolution as it stands in your agenda, Mr. President, I was particularly glad to see the emphasis laid on the preamble giving the reason why this recommendation was made, namely, in order to protect and safeguard the rights of policy-holders and creditors of this country. But after listening to the speeches of the Mover and the seconder I was a little surprised to hear what they had to say not so much about safeguarding the policy-holders and the creditors as about safeguarding the companies. There is nothing in any way blameworthy,—I am not suggesting that for a moment,—in the desire to safeguard the interests of the companies because the growth of healthy insurance business in any country must be of great national importance. But still in my view it is the interest of the policy-holders which are of paramount importance and it is from that point of view that I think the Government of India are clearly bound to approach the question. The Seconder of this Resolution told us of the large addition-

al capital raised by a very important British insurance company in order to extend its business in India. He also mentioned the very large capital resources which that company possess. Now supposing that company does, as a result of their new capital scheme, extend their business, could it be said that that was to the disadvantage of the Indian policy-holders. If its resources are as great as they are said to be, surely the security of the policies must be equally great, and therefore, it seems to me difficult to say, when you are dealing with large insurance companies of whose solvency there is no question at all, that it is to the disadvantage of the people who wish to insure in India that they should have an opportunity of insuring with such companies. The need for protecting the interests of the policy-holder, so far as foreign companies are concerned is rather this. If it is a question not of long established and wealthy companies doing business in India but new and small companies about whom we do not know so-much, in that case there might be a question whether the interests of the Indian policy-holder might not suffer from the absence of control over the operations of such companies. That I could understand, and I had rather hoped that in the speeches to-day something would have been said on that aspect of the case, because the urgency of this question seems to me to depend a great deal upon whether any danger exists that owing to the absence of control, the Indian policy-holders may lose their money owing to mushroom companies coming in from abroad. To that kind of business I think the term exploitation might quite fairly be applied. Honestly I do not think that is a fair word to use when business is done by a thoroughly solvent and wealthy corporation.

Another point that occurred to me in connection with the resolution was this. I can quite understand that in certain respects a different kind of control might be applied to non-Indian companies. I can understand, for instance, why it is advocated by a good many people that

large deposits should be required from them or that they should have to invest some proportion of their premium income in India in Indian securities. One reason was given by the Seconder of the Resolution, namely, that in war time, if a large part of the money which was the security of the policy-holders were actually invested in India, it would be possible to get at the money to satisfy the policy holders. And I can understand why in such matters a distinction should be drawn between a non-Indian company and an Indian company. But in a good many other respects it is not clear to me why there should be a distinction in the degree of control over the Indian company and the non-Indian company, because the control in the interest of the policy-holders may be just as necessary in the case of the Indian company. And if a system of licensing were to be introduced I think that the licensing would also have to extend to the indigenous companies. A very partitular reason for that is that insurance in India being in its early stages, it is very often at the early stages that the control and supervision is most requirtd in order to ensure that business is carried on sound and healthy lines, and that the interests of the policy-holders are not endangered by unsound financial methods. I think it is important to realize that if control is required in a great many matters, it is required just as much in the case of the Indian companies as in the case of the foreign companies.

The main question, of course, is what the Government of India intend to do towards the revision of the Insurance Law. As you know, our existing law is founded mainly on on the Act in force in the United Kingdom and I have never concealed my personal view that it is desirable, if possible, before we tackle the revesion of Indian Act, to await the reveision of the British law which is likely to be undertaken, I understand, at no very distant date. I have made no secret of this. But I frankly admit that if it could be shown that India is suffering seriously from the absence of a revised law, and in particular if it could be shown that

the interests of the policy holders might be seriously endangered by the want of legislation, the Government would have to reconsider the matter. and it is on this point, to my mind, that the question of urgency mainly arises. The question of the protection of the interests of the Indian Insurance Companies is, to my mind, secondary and that of the interests of the policy-holders is primary. Now, when we passed the Act of 1928, one of the objects we had in view was to get information as to the operations of all companies—doing insurance business of any kind in India, and as soon as the session is over, we shall examine the returns in order to ascertain whether they disclose any reason for taking emergent action. It will be helpful if the Federation, or any member of the Chamber of the Federation which is particularly interested in the question, would let us have its views, not on the general question of the protection of the Indian Insurance Companies—on this point we understand their views very well—but on the other point, namely, whether legislation is urgently required in order to protect the policy-holders. If they do so, I can promise that every thing they say will be most carefully considered. But I cannot go further than that to-day because it is absolutely necessary that these returns that we have got for the first time should be examined, and that we should have some idea of the extent of the operations of the Companies doing business in India in all kinds of insurance. Time is needed in order to examine these returns carefully.

I think that completes what I have to say on this subject. I do not in any way under-rate its importance or the obligation resting on the Government of India to protect the companies as far as it can. But I cannot give you any pledge to day that the Government of India will take up the matter immediately because as I have said, I think it important that these returns should first be scrutinised.

As regards the second resolution, I am afraid I have very little to say. I hardly realised you would expect me to say anything on that point to-day, because whereas in the

other resolution a direct demand is made upon the Government, in Resulution No. 2, the demand is made upon a number of other people, and I was rather thankfnl to the Federation when I read the resolution, and said to myself, "well, at any rate in this case I get off Scot-free". I am very glad to hear what the speakers have said that so far as the Imperial Bank is concerned what has been felt to be a grievance is being removed or is very nearly removed. As regards the rest of it, all I can do is to wish you all success in the request you propose to make, first of all to the local and foreign banks doing business in the country and in the second place to the merchants, traders, industrialists and others. (Applause.)

Mr. Lalji Naranji: After I have heard the Honourable Member, I wish to draw his attention to two facts and say this. The first is that though he says that he does not underrate the importance of the suggestions that are contained in the resolution, he seems to carry the impression that the protection of the Indian insurance companies is a secondary thing and the primary thing is the importance of safeguarding the rights of the policy-holders. I do not deny that the interests and rights of the policy-holders should be safeguarded. But at the same time if he carries the impression that the safeguarding of the interests of the Indian Insurance companies is secondary, I will only refer him to yesterday's and day before yesterday's proceedings. First of all when the President of the Federation made a speech and His Excellency the Viceroy replied, they referred to the fact that India is importing so much gold and yesterday on the long discussed resolutions on the financial and economic condition of this country, the Honourable the Finance Member gave a very long reply. I may say that this question is very important for the interests of this country, that it is not only secondary but it is of primary importance, that insurance companies should be assisted by the Government. Here we see other countries having been able to build their business on millions of rupees. The latest book

on the working of the Life Insurance Companies shows, from the figures that are given, that whereas the United States of America has been able to collect 5,000 crores as Life Insurance funds and Great Britain 1,200 crores, India has only 17 crores. Is it not important that you should look to this aspect? A country makes savings in one form or another. Insurance premium is a savings of the country and I think that the Honourable Member will agree with me that during the War time the reserve of the insurance companies was very greatly helpful. From that point of view, I hope the Honourable Member and his Government will consider that the question of the protection of the insurance companies is of great primary importance. At the same time all sort of control and supervision from a national point of view may be exercised by the Governmeut. I do not deny that. But if he thinks that it is of secondary importance and if only non-Indian insurance companies should flourish by the circumstance of the exchange banks helping them, then I think he will be very much disappointed and I hope that the Honourable Member will consider this question from that point of view, that if he helps the Indian insurance companies it will be helping the savings of the insurance companies. The Banking Enquiry Committee that is now working will also have to consider this point and I hope the government will not neglect this matter which is of vital importance to this country and thus enable the people to keep their savings in this country and not export them by allowing the non-Indian insurance companies to do business and prosper at the cost of this country. (Applause.)

Both the resolutions were put to vote and were carried unanimously.

Tanning Industry.

Mr. Jamal Mahomed Saib (*Southern India Chamber of Commerce*).

Mr. President and Gentlemen,

The Resolution I have the honour to move runs thus :—

"(a) The Federation is of opinion that the tanning industry of the country requires to be protected against foreign competition by means of a duty of 15 per cent *ad valorem* on exports of raw hides and skins and that no import shall be levied on the skins or hides treated in the Indian tanneries, or exported in a tanned state.

(b) The Federation further recommends to the Government of India that the Import Duty on Wattle bark should be removed at an early date with a view to facilitate the hide tanning industry."

Regarding the second section of the resolution concerning wattle-bark, I think I need not press it now, for it is reported that the Government have recently introduced a Bill in the Assembly proposing the abolition of the import duty on the said bark. Wattle bark is an unmanufactured raw material that is being imported solely for the benefit of the tanning industry of the country. Taxing such a material is against the admitted principle that a raw material required for an industry of the country should be left free. We have to appreciate the action of Government in recognising this principle after all.

Now coming to the first main portion of the resolution I am sorry that the Government have not yet taken any steps to satisfy the continued demand of the country in the matter of protection to the important indigenous tanning industry.

Though systematically collected statistics are not available it is understood that India produces about 45 to 50 crores of rupees worth of skins and hides every year. Of these about 8 crores worth of material is being exported in the raw form and another 8 crores in the tanned form; the remainder is consumed within the country, of course in the tanned state. In other words about 49 crores worth of skins and hides are tanned in the country while about 8 crores go out in the raw state. As against this, the import of leather and leather articles amount to about 120 lakhs; but the real leather in it may be worth only about half the

amount; and further, these imports are of certain special kinds.

The indigenous industry which handles 40 crores must be admitted to be really an important industry. In addition to being a great source of national wealth, it provides work and wages for lakhs of labourers in different ways. It is also a source of large income to the Government in the shape of income-tax and also forest revenue collected from contractors of tanning materials such as bark etc. These are all of course the natural advantages of an industry to the country. Moreover, tanning is a key industry of the country and has been of immense service to the Empire and the Allies during the war, to the civilian population as well as the Armies. The magnitude of its usefulness and service can, for example, be seen from the fact that once during the Great War three-fourths of the boots worn by the whole British army in all parts of the world had upper leathers tanned in Southern India.

I may tell you here that but for the Southern India tanners the tanning industry of the country as a whole would have been dealt a serious blow and it is the said Southern tanners who are competing with the foreigners and are holding them at bay. But for them there may possibly come a day upon the country when almost all the skins and hides will be exported in raw form. Now the consumption of leather and leather articles in the country is remarkably increasing and at this rate. the country may be expected to consume a vastly greater amount of her produce sometime in the future. Then if there is no tanning industry in the country, she will have to send out her raw skins and hides to other countries and get them back for her use such as for even footwear etc. But if the present indigenous industry is properly protected and developed, there need be no fear of such an eventuality.

Such an important industry, then, must necessarily of course be firmly secured and developed in the interests of the

country. But the industry has got serious difficulties and handicaps in its way. Foreign countries like Germany which is the principal importer of our raw hides and America, the chief importer of raw goat skins, with their long established and well organised business, with such methods as "dumping," with their capacity for mass production and with their tremendous resources are able to compete with and worsen our industry. Further they have had or still having protective arrangements for their industries. For example, when America wanted to foster her tanning industry she levied a duty of 33 1/3 per cent on our tanned hides and skins and removed it when her industry had been firmly established.

The Government of India recognised the necessity of protecting the Indian tanning industry after they had seen its immense usefulness during the war and levied a duty of 15 per cent in 1919 on the exports of raw hides and skins. This was a beneficial step calculated to do much good to the country. But the foreign interests and agencies set up an agitation against the duty and managed to have the ear of the Government so much so that it was reduced to 5 per cent in 1923.

The agitators tried to connect the then depression with the duty. But the depression after the war was due to other well-known causes and every trade was depressed tremendously the whole world over at the time. The hide trade suffered along with rest of the world and the duty had nothing to do with it. The duty was not given sufficient time. When the trade began to review and just when the tanning industry had to be adequately protected from foreign competition, the duty was unfortunately reduced to the inadequate level of 5 per cent.

There is no ground for the allegation that there is a conflict between indigenous interests in the matter of the duty, For one thing, the primary producer is not affected by the duty. The Hon'ble Sir George Barnes when introducing the Bill for

the imposition of the duty in 1919 said, "I need hardly tell you that the effect of the Bill on the producer of raw hides and skins has been more carefully examined by our expert adviser." Then again the Government in 1927 after their proposal to abolish the duty have expressed an opinion that by the abolition of the duty "it is doubtful whether there would be any appreciable benefit, at any rate in many parts of India to the primary producer." The duty is paid by the foreign buyer at the time of the export and not by the Indian producer. With regard to the Indian dealer in raw skins and hides, he will not be the loser in any way ; for, he will get his profit alright from the Indian tanners, even if there were no exporters. Then if there is any conflict it is not between any Indian interests, but it is between the county's interests on the one hand and the foreign interests on the other.

Some say that foreigners may not buy our goods by reason of an enhanced duty. But it is not true. We should bear in mind that India is unapproachably first amongst the countries of the world in the production of hides. Further, the country consumes a much smaller proportion of the produce than many other countries. Therefore our sparable supplies are very great and they are of all of a particular quality. The world cannot ignore and do without them. If not in raw form, it will take more and more in the tanned form. There is another thing, the internal consumption of leather is now making large strides and it is possible and also probable that at a time not far off almost all our products may be consumed here. The Indian tanneries can well expand their capacity and this expanding capacity was successfully tried during the War.

Some also say that our tanned leather is not wanted by other countries. It is a gross mis-representation of facts. The very fact that the export of the tanned article continues on totally disproves it. If further proof is required you have only to refer to trade statistics to find out that the United States of America which is supposed to be the most highly

developed in tanning and finished leathers is, now and for some years past, importing our tanned hides in thousands of bales while it was only a few hundred bales till very tecently.

Some others try to confuse the issues by saying that the Indian tanned stuff is only half tanned. It is simply like calling a white cloth a half woven cloth. Anyone who knows the thing will tell you that it is fully tanned as far as tanning goes. The only thing is, it is not finished, that is not coloured, printed etc. But all the Indian tanned articles need not be coloured, as a good portion of them are used as they are; another portion is simply dyed. It is only a portion that is being put to a special finish. By the way, this special finish takes only two or three days as compared with 40 or 50 days taken for tanning. Even this finish can be done in India and it is not a difficult job to do this. But how and where to sell them? There is not much local consumption at present for such special finished articles. They have to go to distant countries 5000 and 6000 miles away. By the time the goods of a particular finish reach there, the fashions may change, as they are frequently changing. Moreover, the whole-sale nature of the trade will be changed to a retail one. All these will cause great economic waste to the country in her present state. Further, the foreign countries have got a high import duty on such articles. If these hardships did not exist, there are many who are prepared to take up this work for export. But under the present circumstances and according to all economic principles, exporting in the tanned form is most advantageous to the country.

Some interested agitators try to set up a feeling of Northern India *versus* Southern India in the matter of the tanning industry. But really there cannot be such a question at all. It is the country's interests as a whole that we should have in mind. Southern India has got of course certain natural advantages and facilities such as the possession of the best kind of tanning material and probably suitable

water etc. that make it pre-eminent in the world with regard to that type of leather that is exported by it. This is only similar to other parts of the country having particular facilities for the growing and working of cotton, Jute etc. No lover of the country would let a benefit to be transferred to a foreign country rather than its being enjoyed by another integral portion of his own country. Moreover, with the finding of new tanning materials the industry may spread to other parts as well. Chrome tanning can be done anywhere and with the increase of local consumption this process can be taken up increasingly by all the parts of the country. This section also would have made a much better progress by now if the export duty had been left at 15 per cent. Anyway tanning industry is to be secured to the country and properly developed for the benefit of the country as a whole. This can be done only by giving it an adequate protection. Such a protection can only be given by an enhanced export duty on raw skins and hides. Such a duty has, on the one hand, the advantage of bringing in a considerable amount of revenue without taxing the people of the country. On the other hand, it will firmly establish an important key industry, a source of work and wages to innumerable skilled and unskilled workmen of the country. This will also secure to the Government another revenue—that is, the forest revenue coming from the tanning-bark collectors.

I once again thank the Government for the proposal of the abolition of the import duty on Wattle bark, though it is much belated, and hope that the Government will similarly recognise also the important question of affording adequate protection to the industry and take prompt steps to enhance the export duty on raw skins and hides to its original rate of 15 per cent *ad valorem*

With these words, gentlemen, I commend the resolution to your hearty approval.

Dewan Bahadur M. Balasundaram Naidu Garu (S. I.

Skin & Hide Merchants Association, Madras):—

Mr. President and Gentlemen,

I beg strongly to second the Resolution ably put before you and in doing so I don't think I have much to add to what Mr. Jamal Mahomed has told you.

The important question is, in what form are we to export the surplus produce of our raw hides and skins. No one will deny that in the best interests of the country, it is to be exported in the tanned state as much as possible, particularly so, when there is a very good means in the shape of the Indian tanning industry for doing so. It is of course natural that foreign interests are for taking away our materials in the raw form, for fostering their own industries for the benefit of their own countries. That is no reason why we should not protect our own interests.

The foreign interests or their agents agitate against the export duty and they saw it reduced from 15 to 5 per cent They discomfit the Indian tanning industry here in this country and also compete severely with India's tanned articles in the markets of other countries. On account of these, the Indian tanning industry is in a very bad plight. It now finds itself in a trying and costly struggle. The present small duty does something, but it is not able to give an effective and proper succour. If prompt assistance and enhanced protection is not given, the industry will go from bad to worse and it is not unlikely that one day very soon, the country will have to lose a very important industry which is almost exclusively financed, managed and manned by the people of the soil. That will also mean so much loss of wealth and labour to the country. I earnestly hope that Government will not allow matters to drift any more, but will take early steps to give the much-needed higher protection to this suffering industry.

I beg, Sir, once more to second the Resolution with great pleasure.

Mr. Mahomed Ismail (Southern India Skin and Hide Merchants' Association, Madras):—

Mr- President and Gentleman.

I do not have much to say after Mr. Jamal Mahomed has dealt so eloquently with the Resolution. I want only to touch on one or two points. It is said in the interested quarters that the export trade in raw hides has been affected seriously. But the following figures of the export of raw and tanned hides will tell their own tale:—

	Hides in Rs. lakhs		Skins in Rs. lakhs
1920-21	200	Raw	323
	115	Td.	202
1921-22	181	Raw	416
	146	Td.	246
1922-23	218	Raw	351
	231	Td.	274
1923-24	285	Raw	406
	317	Td.	273
1924-25	331	Raw	343
	335	Td.	383
1925-26	321	Raw	399
	304	Td.	393
1926-27	258	Raw	456
	278	Td.	460
1927-28	385	Raw	489
	412	Td.	496
1928-29	405	Raw	541
	440	Td.	491

It can be seen from these figures, the raw export trade has gone on increasing in volume. The trade in tanned articles also has done the same. But the ratio of raw to tanned articles is favourable to the tanning trade after the war. Before the war the ratio of the export trade was about 80 per cent raw and 20 per cent tanned hides and it was about 55 and 45 with regard to skins (the total annual export of that

time being about 650 lakhs raw hides, 165 lakhs tanned hides, 360 lakhs raw skins and 280 lakhs tanned skins).

But now the ratio is about 50 raw and 50 tanned with respect to both skins and hides. If the proportion of the raw hides exported has diminished that means that the extra amount of raw materials has gone into the Indian tanneries. A certain quantity which was going out in raw form is now being exported in the tanned form. This is of course to the advantage of the country and that is the very effect that was required of the duty. I want to emphasise the fact that the falling off of the export trade in raw hides with a simultaneous increase in the export trade of tanned article is a thing to be welcomed and not to be deprecated by the people or the Government of the country. Our concern and interest are rather to convert as much of the raw produce of the country as possible into manufactured articles and not to be providing raw materials to the factories in other lands. The tanners are going on with their industry in the hope that better days will come with suitable recognition and protection.

The present reduced duty is of some help to the industry but it is not adequate. If it had been at the original level of 15 per cent. the increase in the ratio of tanned articles would have been much more than what it has been. Moreover, the hardships of the Indian tanners are there and the present small duty is not able to properly meet them. The reduction of the duty has affected the skin-tanning, particularly that of goat, much more then even hides. The ratio of raw to tanned skins exported was about 57:43 before the war, and now it is 50:50. From this, it can be seen that the skin tanning has not been able to make much headway during the recent years because the small duty is not able to have much appreciable effect on the high values of the skins and because of course we are here competed against by such vastly resourceful countries like America. It is feared that even this small apparent improvement may not be maintained if the same state of affairs continues and

if a more adequate protection is not granted.

At times, Sir, reference is made in this connection to the recommendations of the International Economic Conference. But the vital interests and special economic situation of this country necessitate the pursuance of a policy suited to her own particular circumstances and requirements. What applies to the industrially advanced Western countries need not all hold good with respect to this country. The Western countries have already fully developed their industries. Many of them have been adopting a policy of protection toward that end. They do not stand in fear of losing their own raw materials; on the other hand they are in search of raw materials in increasing quantities of other countries. But the case of our country is much different. Our country is far less advanced in industry and is still looked upon as a caterer of raw materials. We have got only a handful of industries and at least in several cases we are experiencing a hard struggle for existence. Under these circumstances, our country should not be made to adopt the policy that may be suitable to the Western countries at present. She should follow a policy suitable to her vital economic interests. One of such vital interests requires protection being given to the tanning industry by means of an export duty—an enhanced duty. Here we are concerned with protection for a manufacture for export; the amount of the import of similar and allied articles is insignificant when compared with our export as was pointed out by Mr. Jamal Mahomed Saib. So no import duty, whatever may be its rate, can assist this industry. Hence the necessity of an export duty.

Here, Sir, I beg to join Mr. Jamal Mahomed Saib in thanking the Government for taking steps after all to remove the duty on Wattle bark and I earnestly hope that the Government will also take similar steps in the matter of the very necessary export duty on raw skins and hides. With these words I heartily support the Resolution.

Honourable Sir George Rainy:—Mr. President, I think I ought to begin by offering an apology to the Honourable Mover of this Resolution on the ground that I got in ahead of him and deprived him of the second clause of his Resolution by the Bill which I introduced in the Legislative Assembly last Thursday, for it includes a provision for the removal of the duty on Wattle bark. However, he will no doubt be grateful that I have not similarly introduced a Bill increasing the export duty, because that would have deprived him of the first part of his Resolution also.

Now, I do not propose to discuss the merits or demerits of the export duty to day. As you all know, the view Government took in 1927 was that the 5 per cent. duty ought to be removed, and it became quite clear that there was a distinct cleavage and conflict of interests with the result that the votes were exactly equally divided in the Assembly. As a sequel to that came the appointment of the Hides Committee. We are expecting the report of that body at a very early date—I do not think it has reached Government yet. But I think it would be inadvisable for me to discuss that question of the export duty until Government have before them whatever the Committee may have to say on the subject, not directly about the duty, because it was not specifically referred to them, but on the question whether there is anything to be done for the benefit both of the tanning industry and of the hide trade by an export cess. Certainly as regards the latter words in clause (a) of the Resolution—"and that no import shall be levied on the skins or hides treated in the Indian tanneries or exported in a tanned state"—it would be quite wrong for me to say anything at all until I have seen the report of the Committee. Also, what the Committee can tell us about the conditions of the hide trade in India may have a distinct bearing on the view Government might take about the export duty, and for that reason I hope that the Mover will understand that it is not in any way that I am ignoring or disregarding his agruments, but

merely this, that I think in all the circumstancems it would not be right for me to discuss today at length the question of the export duty. I do not know that either side succeeded in convincing the other during the discussions in the Assembly in 1927; I am not sure that you have yet converted me and I should not be very sanguine of converting you, and I leave it at that.

The Resolution was put to vote and carried unanimously.

President:—We will now take up Resolution no. 19.

Appointment of Trade Commissioners & Appointment of Advisory Committee for the Indian Trade Commissioner.

Mr. M. L. Dahanukar (Maharashtra Chamber of Commerce, Bombay): Mr. President and Gentlemen, the Resolution which I have the honour to move runs as follows:

> "(a) The Federation urges on the Government the necessity of appointing six Trade Commissioners immediately at the important commercial centres with a view to promote and stimulate sale of Indian manufactures and that such Trade Commissioners should be Indians only.
>
> (b) As the Trade Commissioner for India in London has to deal with matters vitally affecting the trade, commerce and industry of India, the Federation is of opinion that a Committee consisting of representatives of Indian Commercial community should be appointed to assist him on such matters. It, therefore, recommends to the Government of India to appoint such a Committee as soon as possible."

As our President has already said that we should not deprive the Commerce Member of his lunch and probably he might be feeling hungry by this time I shall not take a long time, but shall say only a few words. I shall take up the

first part of the Resolution first. As you all know the Government of India have recently announced a scheme for appointing Trade Commissioners for India in six of the important commercial centres of the world, namely, New York, Milan, Hamburg, Durban, Alexandria and Mombassa. They have accepted the principle of the Resolution so ably moved by Sir Phiroze Sethna in this connection in the Council of State in February 1928. Indian commercial bodies and the Industrial Conference had also urged the Government from time to time to appoint Trade Commissioners and thus follow with advantage the lead set by the other parts of the British Commonwealth of Nations. It is, therefore, really gratifying to see that the Government of India have after all come to a definite decision in the matter and, therefore, gentlemen, with your permission I take this opportunity to congratulate the Government of India on the step, although so late, that they have taken in the matter of this very useful and important consular service. It is no doubt an addition to the attributes of dominion status which the Secretary of State has recently assured us that India was attaining at a growing rate; and I only hope the pace of the progress will not only be maintained but will be greatly accelerated. I should like, however, to make a few observations in this connection for the consideration of the authorities concerned. Government have announced that they are arranging for the training and appointment of two trade commissioners in the first year, one in Europe and the other in Africa. In this way it will be seen that the whole scheme appointing six trade commissioners will take full three years to mature. I may be allowed to submit here that it is very necessary to appoint all the six at once, instead of spreading it over three years and unnecessarily losing such a long time. The question of their training need not be found very difficult to tackle once it is decided to appoint them. My further submission is that only non-official Indians with commercial knowledge and business experience should be appointed to these posts. I emphasise this point of appointing only Indians to these posts for two

good reasons: firstly, the consular and diplomatic services everywhere are strictly and properly reserved for the nationals of the various countries. (*Mr. Vidya Sagar Pandya:* We had a definition of nationals yesterday!) I mean nationals mean Indians alone. Secondly, our experience of the Indian Government's methods and ways of doing things here is far from happy. There is also an additional reason why we should demand the appointment of only Indians to these posts. We have been pressing for instance for Indianisation of the Army in India for the last so many years, and the Government found it convenient not to pay any heed to our demand. They are moving in their own old ways at a snail's pace. We do not want to have a repetition of similar experince in this respect and hence we must take care to see that all state services that will be constituted hereafter are open exclusively to nationals of this country alone (Cheers), unless there are reasons to justify the employment of non-nationals for technical or specialised knowledge when they may be appointed as advisers. The Government may say that the Finance Committee of the Assembly have agreed to a provision only for the training and appointment of two Trade Commissioners only next year. If, however, the Government go to the Committee for further provision of funds for this purpose, I am sure the Finance Committee will see its way to meet the demand for a good cause in the economic interests of the nation.

I come now to the second part of the Resolution; the need of an Advisory Committee to assist and guide the activities of the Trade Commissioner in London is so obvious and great that without it the progress of our growing trade and commerce in that country will not be properly advanced and therefore it is needless to say more on this point.

We have our commercial chamber of merchants trading there established in London, and they may be of great help in forming such an Advisory Committee. The Government, therefore, without any loss of time should see their way to establish such an Advisory Commistee as is demand-

ed by this Resolution. With these words Gentlemen, I commend this Resolution for your acceptance.

Mr. R. C. Pandit (Behar & Orissa Chamber of Commerce): Gentlemen, I have much pleasure in seconding the Resolution just moved by Mr. Dahanukar. In this connection I submit that the Government proposals are very inadequate and would not be of much value. The areas assigned to each Commissioner are large and very important ones. He is expected to survey in detail his area and to travel all over it, and in the meantime keep in touch with the Government of each country and watch the tendency of trade, and then probably being an Indian Trade Commissioner he may have to hunt out interpreters to read inquiries from India in Hindi or Gujrati. I am afraid that the net result will be disappointing.

Sir, it is England whom we look to for lead and example in trade and industry. What is the greatest *Bania* nation in the world doing to safeguard and develop her trade and industries?. They have the Department of Overseas trade, and even for development in her own colonies she has appointed Trade Commissioners. Her industries are large and organized and many of them can afford to spend for inquiry and development, in spite of this the Government of Great Britain maintains in every important market her own Trade Commissioner. We have in India British Trade Commissioners and Diplomatic Representatives of every country in the world whose sole work is the development of the trade with India, for India has no foreign policy or foreign alliances to make. The constant work of vigilant observation and systematic consultation by which other countries particpate in the world's market and try their utmost to increase their visible and invisible export is absent in the case of India. These are duties which only a government can undertake. The Trade Commissioners, Sir, should be Indians with practical knowledge of the trade and commerce of the country. To appoint service men and to expect them to do saisfactory work in

three or five years according to the present proposal is rather expecting too much. Some of these men may find the work not to their taste, and as they would always be able to go back to their original service they are not likely to devote much labour or interest in their work. If the idea is only to get a readble report and theoretical generalities, then the Government proposals, I submit, are right. I would urge the Government of India to take a more practical and patriotic view of the position and not proclaim to us from the Secretariat at Delhi—*Hanoz Delhi dur ast.*

The second portion of the Resolution which deals with the Association of Representatives of Indian Trade and Industry in London with the Trade Commissioner there should also receive full and favourable consideration at the hands of the Government. We have a fairly large body of of Indian merchants in London who can be very helpful. Sir, I have seen that British Trade Commissioners in other foreign countries very gladly associate themselves with British Chambers of Commerce. There is no reason, therefore, why the Indian Trade Commissioner in London should not avail himself of the services and advice of Indian merchants in London who have formed a very important association there. With these words I second the motion placed before the House.

The Honourable Sir George Rainy: Mr. President and Gentlemen, I should like to thank the Honourable Mover of this Resolution for his congratulations, although I think perhaps what was in his mind was that I was entitled to the credit of the persevering snail which gradually begins to move if you only watch it long enough. Also he may have remembered the famous words of Galileo with reference to the earth in thinking of the Governmant of India, "and yet it moves." (Laughter). Now, to deal first with the second part of the Resolution, I understand—I have no definite information—but I understand there had been some discussion in London on this subject, but I do not know what has been the result of that discussion. So

that all I can say is, for I know you would not wish me to decide off hand without consulting Sir Atul Chatterjee, the High Commissioner, and Mr. Lindsay the Trade Commissioner in London, obviously they are entitled to be heard before the Government of India come to any conclusion in this matter,—I cannot decide off hand and give an answer to this.

Now, as regards the first point, I quite appreciate the desire of Indian commercial bodies, although the Federation has not yet voted on it, I think perhaps I am entitled to assume that it is a pretty universal desire that they wish to make more rapid progress with the Indian Trade Commissioners' scheme. Well, that might be possible, but I cannot honestly say that I think the financial circumstances at the moment are propitious for the success of such an idea, because it is always difficult for the Government of India,—it has always been difficult for the last 8 or 9 years,—to provide all the money that they would like to find for services intended to promote the prosperity and wealth of India. Certainly I shall bear in mind the question whether we might not be able to make more rapid progress with the scheme.

Then as to the question of the appointment of an Indian only, it is certainly the desire of the Government of India, in fact it has been their desire from the first, that Indians should be appointed to these posts, and I hope that it will not be very long before that result comes about. But I want to say this. I cannot give an absolutely binding pledge that it may not be necessary for temporary reasons, to appoint a European in one case. I only mention it. I would rather not discuss it in detail; I only mention it lest you should think afterwrads that I had misled you. But you may take it that what Government desire is that all the posts should be held by Indians. That is what we look forward to and hope to achieve.

Now, finally as regard the appointment of non-officials,

that is not down in the Resolution, but it was mentioned by both the Mover and the Seconder of the Resolution....

Mr. D. P. Khaitan: I am sorry to interrupt the Honourable Member. I should like to know why it would be necessary for the Government of India to appoint anybody but Indians to these posts?

The Honourable Sir George Rainy: I have explained that I did not wish to go into that question in detail. It is a matter which we might properly discuss with the Advisory Committee of the Commerce Department but I don't think it is at all desirable that I should make a public statement about it.

Mr. D. P. Khaitan: The Honourable Member will note that it is the serious desire of this Federation that none but Indians should be appointed to these posts.

The Honourable Sir George Rainy: I have already said, Mr. President, that although the Federation has not voted on it yet, I am prepared to take it as the practically unanimous opinion of this Body, and we shall give due weight to that desire in considering the question. All I wished to make it clear was that I could not give an absolutely binding promise at this stage. I think that is in fairness to the Federation...

Sir Purshotamdas Thakurdas: I think that the Federation would prefer to wait a little longer rather than having a *European personnel.* Will the Honourable Member make a note of this. They would rather have none but *Indian personnel.*

The Honourable Sir George Rainy: I will certainly note what the Honourable Member has said.

Finally, as regards the question of the appointment of nonofficials which is not mentioned in the Resolution, but which has been referred to by both the speakers, I think, we

have to weigh their strong feelings in this matter against the expert advice that we have received from other quarters, for instance from the Trade Commissioner in London and the High Commissioner. We have not yet finally settled the matter, but I can assure the Federation that we shall constantly bear in mind the feelings expressed on this subject, though not in this Resolution, and will see what we can do to meet it.

The Resolution was then put to vote and carried unanimously.

Railway Advisory Committees and their functions.

Mr. Ranchordas H. Gandhi (Burma Indian Chamber of Commerce) :- Mr. President and Gentlemen;

The resolution entrusted to me runs thus:

"The Federation wishes to draw the attention of the Government to the extremely limited scope available to the Railway Advisory Councils for useful work and suggests that steps be taken by the Railway Board to ensure uniform policy at all Railway Advisory Council centres regarding the nature of subjects that can be discussed by such councils".

The only difference between the Resolution as it originally stood on the agenda and the one I am moving now is that while the first was restricted in character as it referred to only rates and fares, the amended Resolution I am moving now is a general and wider one. I may inform the House that at present there is no uniformity in the various Railway Advisory Committees in admitting the subjects for discussion at their meetings. For example, we made inquiries and came to know that in Calcutta the B. N. R. and the E. I. R. Advisory Committees had on several occasions discussed the question of fares, while the same question was not allowed to be discussed by the G. I. P. or the B. B. & C. I. Railway Advisory Committee at Bombay. I was told the other day that the N. W. R. did allow a

discussion on this question. My point is that their is no uniform practice observed in this matter. It is due perhaps to want of explicit instructions on the part of the Railway Board. The desire conveyed by this Resolution is that wider scope should be allowed to these committees in order to enable them to discuss as many subjects as can be usefully done. I may mention here particularly the case of the railway fares and railway rates for goods. When a certain industry, small or great, or some agricultural industry has suffered from this grievance, the aggrieved party has first to go to the Railway Board. If the Railway Board is convinced, then it refers the matter to the Railway Rates Tribunal and there the procedure is so cumbrous and so very costly that it is impossible for the small man to take his case to them. The railway companies have been found in the past to engage eminent counsel with big fees and the case drags the parties to unnecessary lengths on several occasions. The procedure at present observed is such that it will not be available to a majority of small industrialists. It would be considered a luxury by them. Take for example the agricultural implements industry. There is the firm of Kirloskar and Co., on the Bombay side. They had similar difficulties. There are so many other instances. I would not place all the details here. What I want to say that the Railway Advisory Committees in so many places are doing useful work as far as the comforts and conveniences of the railway passengers are concerned. They are only advisory and their decisions are not binding on the railway administrations. Nevertheless, there are important people elected by important associations and other institutions on the committee and if the question of rates and fares are also allowed to be discussed by that committee, it would simplify matters so far as the small industries are concerned. I may tell you that every railway has a maximum and a minimum rate fixed. The railway company does not always go to the maximum. Sometimes it goes to the minimum. Sometimes the rates are somewhere between the maximum and the minimum. The railway companies, if they so desire, can on the recommenda-

tions of these advisory committees give some relief to these small industries at several important stations. In order to encourage the small industries and to simplify the process and in order to increase the scope and utility of these advisory committees, I think the time has arrived for the Government to enlarge the scope of these Committees and to act upon this Resolution which I have submitted to the House. I hope you, gentlemen, will agree to the resolution.

Mr. A. L. Ojha (*Indian Mining Federation, Calcutta*):- Mr. President and Gentlemen :

I have very great pleasure in seconding the resolution moved by my friend Mr. Gandhi. Mine is rather an easy task in seconding the Resolution. The Resolution is simple and the demand contained therein is a very modest one. If I remember aright, Sir, it is the Acworth Committee who recommended appointments of these advisory councils and in doing so as far as I know, they had in view the advisory councils that have been constituted in Germany for this purpose. As far as my information goes, in Germany, members of these councils are at liberty to raise for discussion any question they like concerning the railway administration. Here in this country the position is different altogether and it is therefore necessary to widen the scope of these councils. I think much can be said about the way in which business is conducted in these councils and also about the right of representation given and refused but I think it would be out of place to discuss the subject here.

Superficially viewed it may appear to some of you that my proposition is, in effect, an encroachment on the more exclusive field of the Rates Advisory Committee. This is a mistaken impression which I must correct. The opinion which is recorded by these advisory councils cannot have the same weight of technical judgment which the award of the Rates Advisory Committee will have

Even then, I think much will be gained by focussing attention of the railway administration on the points on which the commercial public feel aggrieved. Further, as pointed out by the mover of the Resolution the procedure for threshing out a question through the Rates Advisory Committee is too cumbrous for an ordinary man to go through. He will have an easier method of approaching the railway administration if the proposal before you is accepted. Then again, Sir, we do not expect that every recommendation made by the advisory councils will be acted upon by the railway authorities but even then the suggested widening of this field of cognisance will serve to clear up many cherished wrongs and many misunderstandings. Having regard to this aspect of the matter, if for no other reasons I believe the Railway Board, especially when we have got so sympathetic an administrator as the Honourable Sir George Rainy, as the Member-in-Charge, will welcome such a widening of the field of deliberation of these advisory councils. The object of setting up these advisory councils was to provide a common ground for discussion between the public and the railways and it is obviously futile if the members of these councils are not permitted to raise questions of importance for discussion. One more point and it is this. The question of fare is not dealt with by the Rates Advisory Councils and I think the members of these councils can usefully do something in that connection. With these words, I second the Resolution and commend it to your acceptance.

The Honourable Sir George Rainy: The amended form in which the Resolution has been moved makes it a little difficult for me to deal with it as adequately as I could wish because the discussion has tended to raise rather wider questions than I imagined would be raised. However, the main point is this. In the list of subjects for local advisory committees, there is an entry 'alterations of rates and fares and changes of goods classification', so that there is no doubt so far as I can see that these quetsions are within the competence of the advisory com-

mittees and so far as that is concerned, no change seems to be required. It is quite possible, however, that there is no uniformity of practice in this matter in the various railway adminsitrations. What I propose to do is this. As it will be some time before I get the printed proceedings of Federation, if the Secretary will let me have a copy of the Resolution in its amended form, I will take the opportunity of consulting the Agents who will be coming here early in March. I will ask the Railway Board to place the matter before the Agents then, I do not believe that the local advisory committees could do the same work as the Railway Rates Committee, but there is no reason why they should not discuss rates questions.

Therefore, I have not the least objection to bringing it before the Agents in order to see if we cannot bring about more uniformity in their procedure. There cannot be absolute uniformity in these matters but it does seem incongruous that some Advisory Committees are allowed to discuss these things and some are not allowed. I hope that will satisfy the Honourable mover.

Mr. A. C. Khosla: To the main Resolutiution that was on the agenda I wanted to move an amendment and that is the reason why I have brought this matter before the Federation.

The President: Your amendment was intended for the original Resolution and now that the original Resolution has been adopted in its amended form, I am sure you will agree with me that if your amendment was added to the Resolution it would mean nothing and therefore I am sure you will not press your amendment.

Mr. A. C. Khosla: I was never consulted about this before.

The President: I consulted the House. I put the Resolution before the House and took the consent of the House. And when the House allowed the Resolution, I put it for discussion.

Mr. A. C. Khosla: I want to say a few words only on this occasion. I want to bring to the notice of the Government that the Advisory Committees are not performing their functions properly with regard to corruption and harrassment and injustice that is being done to the public by the railway servants.

The Presideni: Now that we have had a sufficient discussion on this Resolution, you will allow me to put it to the vote because the Honourable the Commerce Member has already replied.

Mr. A. C. Khosla : I hope that the Honourable the Commerce Member will take it from me that the corruption and the harassment and injustice done to the public is going on daily and it is also increasing every day and therefore the Government must devise means to stop it as early as possible.

The Resolution was then put vote and adopted unanimously.

The President: I think, Gentlemen, the Resolutions with which the Government of India are especially concerned have now been finished, and before we start to discuss other items on the agenda, which concern more or less domestic affairs, you would like me on your behalf to extend our most cordial and warmest thanks to the Honourable the Commerce Member. (Applause.) We particularly appreciate his presence here to-day because, as we all know, he is very busy at present with the Railway budget and we appreciate his help all the more because he has been pleased to attend the function on a Sunday. (Hear, hear.) If I remember aright, it was the Prince of Wales who was very severely rebuked for attending a public function on a Sunday. I do not know whether the Honourable the Commerce Member will be rebuked by any religious authority, but if he receives any rebuke I am sure he will have the consolation to feel that the Indian mercantile community very warmly appreciated his action and the help which he gave to them. (Applause.) Gentlemen, I again thank him on your behalf.

The Honourable Sir George Rainy: I am very grateful to you all, gentlemen, for the very kind reception you have given to me and for the very kind words which Mr. Birla has said. I believe that as the Ecclesiastical Member of the Governor-General's Council I am the higest Ecclesiastical authority in India and therefore not open to Ecclesiastical censure. But I am not at all sure that as Railway Member I have not committed a breach of the Geneva Convention about the weekly day of rest and that might lead to international complication. However, I recall the old saying 'The better the day, the better the deed' and I hope that the excellence of the motive underlying my labours to-day will be accepted as a sufficient paliation of my crime (Applause).

The Hon'ble Sir George Rainy then left.

Mr. H. P. Bagaria (East Indian Jute Association, Calcutta). Sir, before we proceed further, may I draw your attention to a very regrettable incident which took place yesterday in this House. When the representative of the Bengal National Chamber of Commerce was reading his speech in support of the Resolution moved by Mr. Mody, a representative from Karachi (Mr. Jaswani) offered an uncalled for insult by remarking that the speech of Mr Roy be taken as read. Every one of us who comes to attend the meetings of the Federatien cannot be expected to be an accomplished speaker and it is therefore necessary for some members to prepare their speeches beforehand and if these members who come with written speeches are to be reated in this way, I do not think it will facilitate the business of this House.

Mr. T.K. Jaswani (Karachi Indian Merchants' Association):

Sir, as it was I who made those remarks, I think I might be allowed to say a few words. I think my friend has misunderstood the spirit in which I said what I did say yesterday. There were a few members round about me who were feeling very dull and when Mr. Roy began to make a long speech, I suggested that a speech like that might be taken as read. And, really speaking, in the Indian

Commercial Congress, if I mistake not, about 4 or 5 years ago several speeches were taken as read and they were printed as part of the proceedings. I do not think there was any thing wrong in that suggestion.

Mr. H. P. Bagaria: The gentleman who was reading his speech has taken that remark in the spirit in which I have put it. I think the member who made this remark owes an apology to Mr. Roy.

The President: I myself felt yesterday that it was rather indiscreet on the part of Mr. Jaswani to have made that remark. But I am sure he did not mean any insult, but all the same the gentleman to whom the remark was directed must have taken it as an insult. With regard to taking long written speeches as read, I think that would be a very evil day for the Federation when we start doing that thing. I think the members who come here like to hear both sides of the question and then decide whether to vote for or against it. I do not know what useful purpose will be served if the written speeches were taken as read. I take it that Mr. Jaswani himself feels sorry for having made that remark.

Mr. Jaswani: I am sorry, Sir, but I can assure the House that I never meant any thing personal. If my friend Mr. Roy has felt it, I am really very sorry. (Applause.)

The President: This incident should now be taken as closed.

Mr. C. A. Buch (Buyers & Shippers Chamber, Karachi): I have a request to make, Sir. My request is that the speeches delivered by the mover, the seconder and others on Resolutions, about exchange ratio and gold standard and silver sales as well as the reply of the Honourable the Finance Member may be printed in advance of our general report and be circulated to the member-bodies as early as possible. We followed that practice last year for very good reasons with regard to a Resolution which was considered very

important, and in view of the importance of the statements that were contained in the speech of the mover and the reply and the debate that followed in which you also took part, I feel that the member-bodies would join with me in the request that the earlier they receive a copy of those proceedings the better.

Mr. Mohamed Ismail. (*S. I. Skin and Hide Merchants' Association, Madras*): I would add that the proceedings be sent to the Assembly members also,

The President: I do not know why we should send that part of the proceedings to the Assembly members. We will circulate the copies of our deliberations to every member of the Assembly and I do not see the necessity of sending to them a copy of these particular speeches. In fact these speeches have already been published in press and those Assembly Members who care to see them must have read them already.

Mr. T. K. Jaswani. (*Karachi Indian Merchant's Association*): Yesterday the Honourable Sir Bhupendra Nath Mitra gave a very strange definition of the words 'national' and 'non-national.' These words are very often used in our Resolutions. My friend referred to these words while making a speech about the nationals of India being appointed as Trade Commissioners. If the definition of Sir Bhupendra Nath Mitra is accepted, then these words are liable to a very great misrepresentation My friend Haji Abdulla Haroon, as a member of the Assembly, said that the word 'national' is never taken even in the Assembly to mean a 'non-Indian'. I think it would be better if the Federation were to make a pointed reference to the Government of India pointing out that a 'national' definitely means an Indian, who is born and bred in India.

The President: I think the Government understands what we mean. (Laughter)

Mr. T. K. Jaswani: But the difinition of Sir Bhupendra

Nath Mitra might cause a complication in the office of the International Labour Bureau.

The President: In fact, I am anticipating a time when the Europeans themselves will begin to call themselves Indians.

Mr. B. N. Chopra: Now that we have disposed of the Resolutions will you kindly premit me to make a suggestion, namely, that in future we should follow the practice that Resolutions be placed before this Conference.

The President: Under *Item* 10 we are going to discuss any other matter that may be placed before the Annual Meeting by the Chairman.

Adoption of the Report.

Item No 5. I understood that the report has already been circulatep and also the statement of accounts. May I take it that it is the desire of the House that it should be passed.

The Report was adopted and the statement of accounts was passed.

Election of office bearers for the year 1930.

The President: In this connection I may inform the House that an informal discussion took place in the Committee meeting and I have been authorised to suggest the names which have received the approval of the Committee. With your premission I will put forward those names before you. They are as follows:

PRESIDENT:

Lala Shri Ram

MEMBERS OF THE EXECUTIVE COMMITTEE:

1. Mr. G. D. Birla, M. L. A. (Indian Chamber of Commerce Calcutta

2. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., M.L.A. (Indian Merchants' Chamber, Bombay).
3. Mr. M. Jamal Mahomed Saib (Southern India Chamber of Commerce, Madras).
4. Mr. Walchand Hirachand, C.I.E. (Maharashtra Chamber of Commerce, Bombay).
5. Mr. Fakirjee Coswasjee (Buyers' and Shippers' Chamber, Karachi).
6. Mr. Beni Prasad Dalmia (Marwadi Chamber of Commerce, Bombay).
7. Mr. Nalini Ranjan Sarker (Bengal National Chamber of Commerce, Calcutta).
8. Mr. Hooseinbhai A. Lalji, M.L.C. (Indian Merchants' Chamber, Bombay).
9. Mr. Kasturbhai Lalbhai (Ahmedabad Millowners' Association, Ahmedabad).
10. Mr. R. K. Shanmukham Chetty, M.L.A. (Indian Chamber of Commerce, Coimbatore).
11. Mr. Ranchordas H. Gandhi (Burma Indian Chamber of Commerce, Rangoon).
12. Sardar Sobha Singh (Delhi Factory Owners' Federation, Delhi).

HONORARY TREASURERS:

1. Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta).
2. Mr. R. L. Nopany (Indian Produce Association, Calcutta).

Mr. Vidya Sagar Pandya: I want to know, Sir, a little bit of information. How many of the old members have you from year to year? Would it not be better to come to some understanding that a certain number of them should retire and that fresh blood should be brought into the Committee?

The President: I can inform Mr. Vidyasagar Pandya

that out of the 12 names which I suggested only seven are new names, except myself, Sir Purshotamdas Thakurdas, Mr. Jamal Mahomed, Mr. Walchand Hirachand and Mr. Fakirji Cowasji.

Mr. Vidya Sagar Pandya: I am quite satisfied.

Mr. B. Das: I would like to know what is provincial representation allowed. I find no names from Bihar and Orissa. Certain provinces have got half a dozen members and I think you ought to give provincial representation.

Mr. P. S. Sodhbans: The same is the case with the Punjab. Lala Sri Ram is the President and his office will be in Delhi and therefore it is necessary that there should be representation given to the Punjab. I do not find any name from the Punjab.

The President: I will first of all reply to Mr. B. Das' question. We have still six more names to be co-opted and I think the Committee would like to consider the suggestion put forward by Mr. Das. But I have to say with some regret that we had Mr. Pandit last year from Bihar and Orissa, but he never attended any of the meetings. I hope the provinces will exercise more check on their representatives in future, because after all the work is a very serious work and if the members do not attend the meeting, then, of course, it becomes very difficult to get any co-operation from them.

Mr. A. L. Ojha: I want to have some information. If the views put forward by Mr. Das are accepted by the Federation, then what is to be the position? In the case of a province which has got three or four bodies, which body would be entitled to send representation?

The President: We have got 39 bodios at present and it is impossible to take a representative from each of them. It is not also possible to have representation on a provincial basis, for the business has been a sort of labour of love and I think it will be very helpful to the Federation if we had

men ready to co-operate and give part of their labour. This is only a suggestion made by the Executive Committee, and if there are other suggestions and if the Federation likes to consider them, I think there is no objection. About what was suggested just now by Mr. Sodhbans regarding representation for the Punjab, I think we have got Sardar Sobha Singh and Lala Sri Ram also in a way represents the Punjab, because, after all Delhi is a very small province and I do not think we can have too many men from one province. As I already said you have still got six names to be filled in.

Mr. Sarabhai Nemchand Haji: On a point of information, Sir. In view of the fact that you stated just now that Mr. Pandit did not attend any of the meetings last year, may I know if there are any members of the present Committee who have not attended any of the meetings and in view of the seriousness of the subjects discussed at the Federation whether you consider the advisability in future of letting us know how many meetings were held each year and how many attended each meeting.

The President: So far as other members are concerned, I think all of them have attended meetings, if not all of the meetings, at least most of them. Myself, Sir Purshotamdas Thakurdas, Mr. Jamal Mohamed, Mr. Walchand Hirachand and Mr. Fakirji Cowasji have attended most of the important meetings. About the others, I am sure information is contained in the report which has been circulated. If there is any other suggestion in this behalf, I will be very glad to consider them. May I know if the names I already suggested meet with the approval of the House.

Mr. P. S. Sodhbans: I suggest, Sir, that these names should have been circulated beforehand. That is the general procedure adopted by all bodies. If the names suggested by the Executive Committee were to be circulated to all the members, then they could vote formally. If, of course, we have to pass a cut and dry Resolution of the Executive Committee, then we have nothing to say. Of

course there must be harmony in the working of the Federation and they must follow the procedure which is generally followed in the case of committees of joint stock companies and so on.

The President: I think the best course to be adopted would be that which is adopted by other bodies, that is, those who are desirous of serving on committees should notify the Secretary beforehand, that is, by a certain fixed date, so that the names may be circulated, and then it would be possible to have a voting by ballot. Up to this time, as the Federation has been in a sort of infant stage, it has been an informal arrangement. If it is desired that from the next session we should adopt that procedure, then those who want to serve on the Committee or any particular committees should intimate their desire to the Secretary and I am quite sure that the Federation would be delighted to accept that suggestion.

Mr. D. P. Khaitan: I submit that if this proposal is finally accepted by the Federation, there should be some closer and fuller investigation into the matter by the Committee and I hope, Sir, that members who have made a complaint on this score will be satisfied by expressing their grievances which will certainly be gone into by the Executive Committee. I suggest that this question be further looked into before any conclusion is arrived at, as regards the procedure in future years.

The President: There is no question of further investigation. The bye-laws provide for this procedure. That is bye-law 17 and it provides for a ballot. Because there has not been more than the required candidates, the question of ballot did not arise. In future if any member wants to serve on the Committee and if he expresses a desire to that effect, then that procedure would be adopted. I do not think it is necessary to consider the matter further in the committee because the matter is already decided and it is in the bye-laws.

Mr. P. S. Sodhbans: I have to make a little observation as no suggestion has been made by any of the member-bodies for nominating any member on the Committee the retiring Committee should *ipso facto* be elected for the next year and none else.

The President: No. Even if any member-body has not expressed any desire, I am sure it is open to any member to put forward any name he likes and then a vote has to be taken. We shall take note of what has been said on the floor of the House if these names meet with the approval of the House; I shall put it to vote.

The names were adopted by the House.

Election of Auditors.

The President: The next item is the election of auditors. As the office will be located in Delhi, the auditor should be one belonging to Delhi. It has been suggested by Lala Shri Ram that Mr. Jagadish Prasad should be elected as the auditor.

Mr. P. S. Sodhbans: I second it.

The name was adopted.

The President: The next item is 'any other subject brought by any Member of the Federation'.

Mr. B. N. Chopra (U. P. Chamber of Commerce, Cawnpore): I thank you, Sir, for the permission you have given me to make a few suggestions. I feel, Sir, that the procedure that has been adopted this year by the Federation with regard to the Resolutions to be moved at the open session of the Federation has not been satisfactory. The Federation invited the Member-bodies to send any resolutions that they desired to move at this session of the Federation. The Member-bodies sent in Resolutions accordingly and these Resolutions were considered by the Executive Committee of the Federation.

Some of them were consolidated, others were amended and a very large number of them were rejected. Then these Resolutions as finally formulated by the Executive Committee were, I believe, placed on the agenda of the Federation. Then at the eleventh hour changes were made even in these Resolutions, I do not know by whom and how and the Resolutions as they appear in this pink pape differ in some respects from those that appear in the white paper. I submit that this is not the procedure calculated to encourage the Member-bodies generally to consider the question of these Resolutions seriously. I submit that they did not have any opportunity to press for the Resolution which they thought were important, but everything had been left to the Executive Committee. I do not want to be misunderstood on this poin'. I have absolute faith in the Executive Committee. But I do snbmit that this is not the proper procedure to be adopted in such cases. The better procedure would be something like this. You invite the Resolutions of the Member-bodies as you do at present. Let the Excutive Committee by all means consider them and formulate their suggestions in regard to them. But I submit that when this Federation meets a Subjects Committee should be formed. This Subjects Committee may consist of all the representatives of Member-bodies or you may confine it to one or two representatives from each Member-body. Then the Subjects Committee should consider all the Resolutions that have been submitted by the Member-bodies together with any suggestion that the Executive Committee may have to make and in this way, every Member-body will have an opportunity to press its own resolutions. Or, after exchange of views, they may agree with the Executive Committee in putting forward particular resolutions and not others. The Member-bodies may withdraw their resolutions in favour of more important ones and thus the Resolutions will be authoritatively placed before the Federation. If this procedure is not adopted, then the only other course that would be open to the representatives of such Member-

bodies would be to insist in the open session that some of their Resolutions should be allowed to be moved.

I do not think that will be conducive to the interest of the Federation or would facilitate the business here. I mean that this will not conduce to amicable proceedings of this Federation. This is my suggestion. If you like I can place it in the form of a regular Resolution or I would leave it merely as a suggestion to be accepted by the Executive Committee informally for future years.

The President: In this connection I wish to make a few observations. It was not correct on the part of my friend to say that he did not know by whom these Resolutions were changed after they had been once revised by the Executive Committee. In fact this pink pamphlet you see before you is only the outcome of the revision made by the Executive Committee again at Delhi.

About his suggestion that we should have something like a Subjects Committee which might go through all the Resolutions and put them forward in a revised form before the House, I only want to invite his attention to the by-laws already on the Statute-Book, at page 10:

"The Executive Committee shall, as early as may be after the 31st October, classify such Resolutions and draw up therefrom a programme of the intended proceedings of the meeting and shall send to every affiliated member not less than 14 days before such meeting at least five copies of such programme".

Our bye-laws do not provide for any such thing as a Subjects Committee. If it is the sense of the members that we should adopt such a procedure I think this is a question which will have to be discussed probably in the next annual session. Notice has to be given beforehand and then probably the delegates will be in a position to come with some sort of a mandate from their respective bodies and devise the procedure. I can appreciate the discontent but I do not think that even a Subjects Committee will be able to remove that discontent, because we should not forget that we are

not like a Conference or a Congress. We are a sort of business body and have to confine our business to one or two days. One day is practically taken up by addresses and one day more probably is to be devoted to the passing of Resolutions. The presence of the Government members is also necessary. Therefore it would not be possible for our Federation to devote more than three days to the business and we generally get about 60 or 70 resolutions. Probably in future we shall be getting many more. Therefore, I do not anticipate any time when we shall be able to accept all the Resolutions. Probably we shall have to reject more than we accept and therefore discontent will still prevail. However, that is a choice which has to be made by the Member-bodies and the best course in my opinion would be to bring such a suggestion before the next annual session. The suggestion should come from a Member-body and it may be discussed and then the House may decide as it likes. I think that so far as this year is concerned we have tried our best to meet the desires of the Member-bodies. I have been very careful not to take any responsibility on myself although the Executive Committee decided in its Bombay meeting, so far as I remember, that the President should personally go through all the Resolutions and decide for himself which to accept and which to reject. But I knew my responsibilities and also my limitations. So I placed the whole matter before the Executive Committee and the second revision was also gone through by the Executive Committee in Delhi. I hope this will satisfy my friend. For the future procedure, he can ask his Member-body to send such a suggestion for the next annual session and I am quite sure that the members will be quite pleased to discuss it and will come to such decision as they like.

Mr. Devi Prasad Khaitan (Indian Chamber of Commerce, Calcutta): Sir, I should like to deal with one matter in addition to what you have already said on this subject and I would draw the attention of all the delegates present here so that they may consider it in order to arrive at a decision. It is not simply we who are concerned with these Resolu-

tions. We have got to send a copy of the Resolutions to the Government in proper time to enable the Government members to prepare themselves for taking part in the debates and discuss them here. As you will have noticed on this occasion, what was done is that after the resolutions were received from the various bodies, the Executive Committee met in Calcutta and selected the Resolutions. Then these selected Resolutions were again circulated to all the Member-bodies and a copy of them was also sent to the Government. If at the last moment we begin to add Resolutions or subtract from resolutions.....

Mr. Vidyasagar Pandya: We have already done it more than once.

Mr. Devi Prasad Khaitan: Not many, only one or two after discussion in the Executive Committee and of that too notice was sent to the Government members. But if we begin to make alterations in many resolutions and in this way select many more resolutions than are selected by the Executive Committee, at the last minute and one day before the Federation meets, much complication will be introduced and the Government will have a complaint against us. I have mentioned this to you in order that you may consider this thoroughly.

Mr. S.N. Haji: In view of the elucidation made by Mr. Khaitan may I suggest that if Mr. Khaitan's suggestion is accepted the time will come when the members of this House will have to amend the resolutions of the Executive Committee in such a manner that the Government members will have to say, "Gentlemen, you send us one resolution and this is an amended thing. Therefore, we cannot reply." Is it desirable that the procedure adopted by the Committee should bring about such a state of affairs? Moreover I am sure that the Executive Committee pays full attention to the diffierent resolutions, but the result of some of the members who are interested in sending these resolutions not being present in the Executive Committee in the

absence of a Subjects Committee has been that we have got in this agenda plenty of errors which are not all of them typographic; and in the case of the Trade Commissioner Resolution we had such a scene as the one we observed which to my mind was very humiliating. You do not have in the Trade Commissioner Resolution some of those fundamental points which were made by our speakers and the drafting of the Resolution led Sir George Rainy airily to remark, "Well, of course this is what you mean, I will take note of that, but you do not say it in your Resolution". I do feel that if the method with regard to the subject-matter were different this state of affairs would not have arisen. I feel, Sir, as suggested by the previous speaker, that we should have some system by which a body bigger than the present Executive Committee sifts all the resolutions. The matter is so urgent that with due respect I would like to suggest that instead of waiting, as you, Sir, have suggested, for somebody to send you a resolution next year, taking the sense of the House now, the Executive Committee should circulate on their responsibility a scheme which, knowing our views as they do, will meet the wishes of the members present here.

Sir Purshotamdas Thakurdas: Sir, I am glad this has given me an opportunity of saying a few words about the grievance of my friend over there (Mr. Chopra). What Mr. Haji just now said, Sir, in connection with the Resolution dealing with Trade Commissioners is not a grievance against the Executive Committee but against the body which sent the Resolution because I understand it has not been changed.

Mr. S. N. Haji: It has been consolidated and very badly consolidated.

Sir Purshotamdas Thakurdas: This draft was sent to the Maharashtra Chamber and they never wrote back. My point is that the amendment made by the Executive Committee at Calcutta was communicated to the Maharashtra Chamber and all other Chambers. None pointed out that they attached great importance to a certain motion or amendment made by the Executive Committee. Now I suggest that it is really

too hard to have that blame laid at the door of the Executive Commiitee. After all the objection to the Subjects Committee being formed is, as pointed out by my friend Mr. Khaitan, that the Subjects Committee can meet only a day or two before the main meeting. You really cannot then shove on to the Government members a sheaf of resolutions and say that this is what has been decided upon by the Subjects Commietee. The result would be what we were tauntingly told last year at Calcutta by the Government members, namely, that they got a week or a fortnight's notice of the resolutions. Therefore, I submit that as far as the suggestion for a Subjects Committee is concerned it will be absolutely unfeasible and it cannot be done unless you suggest that a representative from each Member body should meet two months before the date of the general meeting in order to consider these. That will not suit many, and even if anybody said that it will, I am afraid that the presence of adequate number cannot be ensued. It would ensure the presence of the gentlemen at the headquarters of the President. Therefore, I submit that as far as that scheme is concerned we should leave it for the present.

Regarding my friend over there, (Mr. Chopra) there are four resolutions which have been changed since the Calcutta Executive Committee passed them. One of these is the resolution regarding the ratio, gold currency and silver, and members will recollect that it was imperative to change the resolution regarding silver as sent in by the body which gave notice of it and as approved by the Executive Committee at Calcutta in view of the developments regarding silver since then. The original resolution, if you look at it in the white paper, complained of the sales being in London and not in India. The resolution yesterday said, no more sales. Now, surely you would have found fault with the Executive Committee if they did not make the necessary alteration here as they have done.

The same applies to the ratio question for the simple

reason that regarding the ratio question something had to be brought in regarding the heavy rates at which the Government borrow, the loans having been floated about a week or ten days ago. And finally, it had to be in tenor with the President's speech. I, therefore, feel that regarding the amendment by the Committee in that connection nobody has a grievance.

The next grievance may be in connection with the Geneva resolution and there with a member of the Executive Committee and the Vice-President of the Federation I had the very substantial advantage of a conference with Mr. Haji. Last Sunday and Monday we all, together with the Secretary spent the best part of two hours each day conferring with Mr. Haji. Whether we differed with him or not is a different thing. I am only telling you that wherever possible the members of the Excutive Committee, whether they work as a whole or in compartments. did try to avail themselves of the best expert advice that they may have, and therefore there should be no grievance on that score.

The next question is regarding the import duty on cloth and it was necessary to amend the Resolution as put in this pink pamphlet because the mover of the resolution discovered that there was an objection to the Resolution as put in there and in order to ensure unanimity which for special reasons is important at this juncture, the President,—and very wisely I submit,—took the responsibility of consulting such members of the Executive Committee as were here and authorised Mr. Kasturbhai Lalbhai to amend the Resolution.

Mr. B. N. Chopra (U. P. Chamber of Commerce): I am sorry to interrupt Sir Purshotamdas Thakurdas. With regard to this resolution I may point out that the draft which was originally proposed by the U. P. Chamber of Commerce was accepted by the Executive Committee and was put on the agenda. It was then changed and that 20 per cent was brought in, and then finally because I believe the mover objected and I as the seconder had some objection to the Resolution, it was dropped.

Sir Purshotamdas Thakurdas: Originally it stood as "by some other effective means". That is what our friend there refers to. The Executive Committee at their meeting here felt that it would be very wrong to keep "some other effective means" in the Resolution in view of the way in which the Government of India appear to be groping for some excuse. I think that was done for very good reason. The agenda for which the Executive Committee can be held responsible is the agenda printed in the pink paper. That was done on the spur of the moment and that was done because a very prominent member said to the mover of the Resolution that his Chamber had very strong views on it and in order to ensure unanimity this last amendment was made.

Now I come to the Resolution in which my friend over there (Mr. Khosla) is very interested. For that change in the Resolution I personally am responsible, in this sense that I felt that the Resolution as drafted (No. 18) was much too narrow and in fact that Resolution did not admit of the point which my friend wanted to bring out. I widened the Resolution in a manner which would admit of the ventilation of his grievance. All that my friend should have done was to ask the President to allow him to move the Resolution.

Mr. Vidya Sagar Pandya: He stood up but he did not catch the eye of the President.

Sir Purshotamdas Thakurdas: That is a misfortune to which I am myself accustomed in another place. Therefore, my point is that an amendment made after the printing of the agenda should be put upon the notice-board which should be hung at a convenient place where we all meet.

Mr. Vidya Sagar Pandya: But this came later on.

Sir Purshotamdas Thakurdas: Then you can ask that it should be made available on the first day. I wish to submit to the House, that as far as the Executive Committee is concerned, the procedure which has been in vogue

till now and this year is the one which you will find the best and I suggest that it is not necessary to make our procedure rigid and hard-bound. You must give them a little elasticity. No injustice has been done to anybody.

Mr. C. B. Mehta: I should like to point out as regards the suggestion that the Maharashtra Chamber of Commerce, after having received the white paper, should have written to the Secretary of the Federation saying that it should be changed that our rules say that the Executive Committee have the sole and full power to change the Resolution sent by a Member-body. In the light of such rules the members would not write to the Secretary of the Federation regarding the change.

Another thing I would like to suggest is this. Generally the Executive Committee meets one day before the meeting of the Federation. If at that time any resolutions are to be changed and if any representative of the body concerned is present at the place, the Executive Committee should invite him so that they may exchange opinions. I say this because it is my practical experience this time that unexpectedly I was present at Mr. Birla's house this time and he was good enough to call me at the Executive Committee meeting and this facilitated my Resolution being amended. Otherwise it would have been difficult for me to have moved it in the way it was suggested to be moved originally. I, therefore, suggest that this course be adopted in future.

Sir Purshotamdas Thakurdas: Was it not on that particular suggestion that you now made that I asked you to be present and you were called in as soon as you came in? We have already carried out the suggestion which you now make. I told you that there was going to be an amendment.

Mr. C. B. Mehta: You told me to come after the meeting of the Executive Committee. But I came earlier.

Sir Purshotamdas Thakurdas: I knew that the meeting would go on till 7 or 7-30 p. m., and I asked to you come at 6 or 6-30 p. m.

Mr. B. N. Chopra: When I made this suggestion, I had no definite grievance in my mind, against the Executive Committee. My idea was that on general grounds it is desirable that the bodies should not have any sort of grievance that might arise on account of some of their resolutions being rejected. I felt that the procedure I suggested might be acceptable, but I quite appreciate the technical difficulties that have been pointed out. I see that the Federation has got a permanent constitution, a permanent organisation and any suggestions must fit in with that. It was also stated that this was not a conference so that the resolutions cannot be discussed. Though it is not a conference, still the passing of resolutions in the manner that we pass here is very much like what we have in the conferences, so that if you are passing resolutions, I am afraid you will have to devise some means so that those whose resolutions you invite should have some say in the matter and I do not think it will be impossible for us—not to-day but later on—to change our bye-laws accordingly.

The President: I think I can make a useful suggestion in this connection. We have had enough of discussion on this point. I think it will very much facilitate the work of the Executive Committee if the Member-bodies thought it right to address the former on this subject and give their valuable suggestions.

There is another point and that is about the procedure in connection with nomination of representatives on different committees and conferences. As you are all aware, last year we had to nominate our representatives to various committees and commissions. As you all know, the procedure which obtained in the beginning was that I gave lead to the Member-bodies as your President and it was accepted. Then we thought that we might give an opportunity to the different bodies for a free expression of opinion and we set

up what we call a double procedure. First of all we invited nominations from the Member-bodies and then put them to vote. But even in this procedure there is one difficulty. Sometimes, we have to nominate a representative at a short notice and it may not be possible under such circumstances to consult all the members within the short time. I have therefore decided that I should place this matter before the House and should invite your opinion for the guidance of the new Executive Committee.

Mr. B. N. Chopra: Receiving a letter from the Federation that this matter would be discussed here, the U. P. Chamber of Commerce had considered the question and I want to place before the Federation their views. I like the double procedure to which you have referred already first inviting nominations and then circulating the names of the persons so nominated for final voting. This is considered quite suitable by my Committee whenever the time permits. In other cases when the matter is very urgent, my Committee feel that it should be left to the President in consultation with any local members of the Executive Committee to make the nominations.

Lieut. P. S. Sodhbans: I entirely endorse what the previous speaker has said. As regards the nomination to the Shipping Committee we received communication from the Federation by telegram and replied by telegram. When we find that this procedure which has been followed is suited to the requirements of the Federation, that procedure should be followed in the future.

Mr. S. N. Haji: In supporting this idea of double procedure with regard to nominations, I would like to say that it is a wholesome system and it is one of the most democratic methods that you have been good enough to introduce in this body. There is just one suggestion and that is in view of our experience of the past. I would like to suggest that at no time, either at the stage of nomination or at any other stage, should the President or any Chief Executive Officer suggest names. I hope the point I am

trying to make out is clear. Take the case of the Banking Enquiry Committee. When the nominations were first made, two names were suggested by the President of the Federation. Of course at a later stage when the nominations had to be made again, I know that no names were suggested and I hope that that is the procedure which will be followed in the future. That is, the Federation will merely invite names and the final voting will be made out of the names so received.

The President: I do not think I can entirely agree with Mr. Haji. I think the Executive Committee and the President at times have to give a lead, and I may tell frankly for the information of this House that when the question of selecting some one in place of Mr. Madon arose, I did suggest to friends as to who should be selected. Of course I left the final choice entirely to the Member-bodies because after all it is a question which must be decided by votes, but I thought it my duty in the best interests of the Federation to give a lead and tell them what I felt personally. I am glad that my suggestion was accepted by the Member-bodies. I am not in the least sorry that I made that suggestion. What, however, Mr. Haji says should be considered very carefully by the incoming President, but my own feeling is that the Executive Committee and the President would be failing in their duty if on occasions when it was necessary in the interests of the Federation and in the interests of the Indian mercantile community they shirked tkeir responsible duty of giving a lead to the Member-bodies. (Hear, Hear.)

Lala Shri Ram: With your premission, Sir, I may just say a few words in this connection. As Mr. Haji very well knows we have forty bodies as our members and most of them, I may safely say, do not know the persons who would represent our interests very well on different Committees and are ignorant,—I am afraid there may be many of the delegates here who do not know each other very well in spite of the fact that they have been here for three days, and in that case I do not suppose any harm would be done

if the Excutive Committee or the President sent out a panel of names from which the Member-bodies could make a selection. It would help you in sending perhaps the most suitable persons for Committee work. If you ask the members present here to-day to suggest the best persons for shipping, for example, or for so many other things, I think many of them will find it difficult to suggest names because they do not know. I may tell you that I myself have come to know many of you only during the last year or two, and am still not as familiar and conversant with you as Sir Purshotamdas Thakurdas or Mr. Birla, and I suppose you will not insist on what has been suggested in the interests of the Federation.

Mr. S. N. Haji: I hope the in-coming President will not widen the scope of what you have been kind enough to suggest.

The President: To my mind the sense of the House is this: that ordinarily the double procedure system should be adopted and very strictly adhered to. If there is something very urgent, there being no time at the disposal of the President, to consult all the Member-bodies, then the President, in consultation with the Excutive Committee may nominate such persons as he considers fit to represent the iIndian mercantile community in relation to a particular nterest.

Mr. Vidya Sagar Pandya: Are you going to change your bye-laws? Is not the procedure laid in the bye-laws ?

The President: The double procedure was introduced by me. It is only a convention.

Mr. S. N. Haji: The idea of a panel emanating from the in-coming President will, I hope, not be considered at all because it is a most autocratic suggestion.

The President: What I have suggested should meet the requirements, that is, the double procedure should be strict-

ly adhered to unless there was a case of very great urgency, in which case the President, in consultation with the Executive Committee, may nominate such persons as he thinks fit to represent the Indian mercantile community.

Vote of thanks to the President.

Mr. H. P. Mody (Indian Merchants' Chamber, Bombay): Gentlemen, now that the agenda has been happily or unhappily finished, let us turn to the pleasant duty of suitably thanking the President of the Federation for all the arduous work he has done during the year. (applause). I therefore beg to move that :

"This annual meeting of the Federation records its warmest appreciation of the services rendered to the Federation by the retiring President Mr. Ghanshyam Das Birla and for the very able manner in which he conducted the affairs of the Federation during a period full of difficulties for the trade and industries of India."

Gentlemen, we have passed all resolutions unanimously; but the resolution I am placing before you I am certain will be passed not only with unanimity but with the utmost cordiality. Mr. Birla is an outstanding figure in the commercial and industrial life of India. He has served with distinction on a very important Commission, namely, the Fiscal Commission. It was that Commission that evolved the phrase 'discriminating protection' with the result that the protection has been so discriminating as to be almost indistinguishable: Mr. Birla is now serving on another Commission, and I am certain that he will acquit himself as creditably as he did on the other. If the representatives of capital and of labour on that Commission do not turn rank extremists or pure theorists, I am certain that the recommendations of the Whitley Commission will be fruitful of much good, and will be particularly useful at the present juncture when the relations of capital and labour are in a very unhappy position. Gentlemen, as you know, the outlook of our President, Mr. Birla, on economic affairs is national as it properly should be ; our great grievance is that

our Government's outlook on economic matters is anything but national, with the result that to-day the commercial and industrial community of India are amongst the strongest critics of the present Government.

Gentlemen, we have heard with very great interest the speech of the President which is still fresh in our minds. It is not necessary to agree with every word of it in order to appreciate the vigour and clarity with which Indian opinion on commercial and industrial matters has been placed before the Federation by our President. There are not merely two ways of looking at economic matters; there are twenty; the only proper guide and proper judge of these matters is history, and the verdict of history, in spite of what the Finance Member said yesterday, has been definitely pronounced against the Currency and Exchange policy of the Government which lies at the root of all of our troubles, and which has reduced the trade and industry of the country to their present position. Gentlemen, I do not think that you will expect me or want me to say anything more; and I have very great pleasure in placing the proposition before you. (Loud applause).

Mr. Vidya Sagar Pandya: May I be premitted to second this resolution? It has been said about a certain Lord in London that he thought that he was in the wrong when he found the *London Times* telling him that he was in the right. Similarly no higher tribute could be paid to our retiring President, Mr. G. D Birla, than the tribute paid by the Honourable the Finance Member when he told us that he liked Mr. Birla presonally but not Mr. Birla as the President of the Federation. Our interests have been quite safe in his hands. Though he has many powers which he could exercise arbitrarily, still he has always been consulting not only the members of the Executive Committee but also members outside. Well I do not know whether I will have to apologise to the in-coming President, but I would have personally liked Mr. Birla to continue for another year more (hear, hear) to see us through the stress and trouble, financial as well as indus-

trial, that we are going through at present, and we could not have a better man than Mr. Birla to guide us in our deliberations. But I hope his valuable advice and guidance will be at the disposal of our in-coming President in whom we have got complete confidence and who will look to our intererts as jealously and as vigilantly as our retiring President. As such, I would request you to carry this proposition of thanking the retiring President most enthusiastically. (Loud applause.)

Mr. *G. D. Birla* (*President*): Gentlemen, I do not think I can find suitable words for replying to the resolution which has been placed before the House and moved by my friend Mr. Mody in such kind terms. If you feel that I have been able to discharge my responsibility faithfully, loyally, impartially and honestly, I think I have got the greatest reward from you. It will be the greatest pride of my life to feel that in serving this Federation for nearly thirteen months I was able to give entire satisfaction to the Member-bodies. My friend just now referred to my services on the Fiscal Commission. Well, I was not at all responsible for that odious phrase 'disciminating projection.' I abhor and hate it as much as any one, but, as you all know, we were in a minority and we all put in our note of dissent. About my services on the Labour Commission, well, I do not know what we are going to do, and I do not expect you to give me any mandate. All I expect from you is that you may feel assured that whatever action I take I will do so in the best interests of the country—industry and labour both. (Applause.) My own feeling is--and I may remind you I am not a labour leader but a very large employer, and therefore I hope you will attach greater value to my opinion if I say that in my opinion the salvation of industry lies in co-operation between employers and labour. I do not think industries could flourish without the co-operation—active co-peration—of labour. I do not think they could flourish without a contented labour and I hope that industrialists will not depend on the Labour Commission alone; I hope we indus-

trialists will realise this and try to find out some solution so that we may not in future see such strife between employers and employees as we have had to witness in the past. Now, gentlemen, the task of the President of the Federation is not at all times very pleasant. I do not mean to say that it is a crown of thorns, but surely it is not a bed of roses, and therefore when I find myself retiring from this position I feel a real relief. I congratulate my friend Lala Shri Ram on the honour which he has received from you because this is the highest honour which the Indian mercantile community could bestow on any one (applause), and I wish him every success. My own feeling is that the success of the President of the Federation lies in impartiality. The President of the Federation should be like Caesar's wife, above all suspicion. That is the secret of success. I know my friend realises it, and I hope he will be able to steer the ship of Indian commerce and industry clean of all rocks and shoals in the troubled waters of Indian finance and economics. Probably next year we are going to have a very bad year. The Honourable the Finance Member yesterday and His Excellency the Viceroy called us alarmists; we were dubbed Jeremiahs, but I am afraid they cannot realise the situation as we can realise because after all it is we who have to suffer. I am now not concerned with what the Government does. Although the responsibility for the administration is theirs and therefore naturally they will be held resposible for the acts of ommission and commission, but after all the sufferring will be ours, and therefore, I am not so much concerned with what the Government is going to do, as with what we are going to do. I think our duty to the country is clear, and we businessmen must give a clear lead to the country as to what is demanded in the best economic interests of India, and I hope that the in-coming President and the in-coming Executive Committee of your Fedeation will offer the right guidance to the country as to what the Indian mercantile community should do in these days of depression. I am very sorry that we have not been able to influence the Government or to convert them to our views, but we never anticipated that. It is impossible in

the present circumstances and in the present political condition of our country to convert the Government to our views; but I think the only solution of our present difficulties lies in every Indian businessman strengthening the hands of those who are fighting for the freedom of our country. (Hear, hear.) I have repeated it from other platforms and I want it to repeat it here again, that Swaraj is not a question of sentiment; it is a question of bread. The prosperity of the country depends entirely on the amount of political freedom which we get and I think that not only in the interests of the country but in the interests of the capitalists, the employers and the industrialists we should try to fight and strengthen the hands of those who are fighting for Swaraj.

Before I conclude I should thank on your behalf the Members of the Executive Committee who have always been of immense help to me. I also take the opportunity of thanking Mr. Gandhi, more particularly because he has been serving us for the last one year in an honorary capacity. I also thank Mr. Mulherkar the very painstaking and efficient Assistant Secretary and the Delhi Universty authorities for kindly lending the use of their hall which has greatly facilitated our task. I once again thank you for the confidence you have reposed in me and trust you will continue to repose the same confidence in the incoming President.

Lal Sri Ram, the incoming President, then thanked the Members of the Federation for having elected him to the Presidential Chair and promised that he would do his best during his year of office.

The President then declared the meeting dissolved.

APPENDIX.

List of Member Bodies with the names of their representatives.

Names of Members	*Names of Representatives*
1. The Ahmedabad Mill-owners' Association, Ahmedabad.	1. Sir Chinubhai Madhowlal Ranchhodlal Bart. 2. Sardar Sir Rustom J. Vakil Kt. 3. Mr. Kasturbhai Lalbhai. 4. Mr. Narsidas Jeykisondass.
2. The Behar & Orissa Chamber of Commerce, Patna.	1. Mr. B. Das, M. L. A. 2. Babu Balkrishna Dass. 3. Mr. R. C Pandit. 4 Kumar Ganganand Sinha, M. L. A.
3. The Behar and Orissa Mica Association Giridih.	1. 2. 3 4.
4. The Bengal National Chamber of Commerce, Calcutta.	1. Mr. Nalini Ranjan Sarker M, L. C, 2. Mr. W. C. Banerjee 3. Dr. Narendra Nath Law, M. A., B. L., P. R S, Ph. D. 4. Rai A C. Banerjee Bahadur.
5. The Bengal Jute Dealers Association, Calcutta.	1. Mr. H. P. Bagaria. 2. Mr. Suga-chand Bothra. 3. Mr. N B. Shaha. 4. Mr. Radhakishen Chamaria.
6. The Bombay Bullion Exchange Ltd., Bombay.	1. Mr. Chunilal B. Mehta. 2. Lachhmandas Daga. 3. Mr. Maneklal Premchand. 4. Mr. Sarkarlal D. Parikh, B. A., LL. B.
7. The Bombay Shroff Association, Bombay.	1. Seth Hirachand Vanechand Desai. 2. Seth Lakhmichand Manekchand Doshi. 3. Mr. Virchand Panachand. 4. Seth Mangaldas Motilal.
8. The Burma Indian Chamber of Commerce, Rangoon.	1. Khan Bahadur A. Chandoo, M.L.C. 2. Mr. A. V. Joseph. 3. Mr. R. H. Gandhi. 4. Mr. Naitram Rambux.

	Names of Members	*Names of Representatives.*
9.	The Buyers and Shippers Chamber, Karachi.	1. Sheth Doongersey Dharamsey 2. Mr. Fakirji Cowasiji 3. Mr Shivrattan Mohtta 4. Mr. C. A Buch.
10.	The Delhi Hindustaui Mercantile Association, Delhi.	1. Lala Shri Ram. 2 Lala Ram Pershad. 3. Lala Jagannath Singh. 4. Lala Amir Chand Khasla.
11.	The Delhi Factory Owners Federation, Delhi.	1. Mr. A. S de Mello. 2. Mr. R E. Grant Govan. 3. Mr. Baij Nath Syal. 4 Sardar Sobha Singh.
12.	The East India Jute Assooiation Limited Calcutta.	1. Mr. H. P. Bagaria. 2. Mr. K. J. Purohit. 3. Mr. C. S Ranga Swami. 4. Mr. Sheokisten Bhatter.
13.	The Grain Merchants' Association, Bombay.	1. Mr. Velji Lukhamsi Napoo, B A., l L. B. 2. Mr. Chhotalal Kilachand 3. Mr. Khimji Shamji. 4. Mr. Dhanji Deosi.
14.	The Gwalior Chamber of Commerce, Gwalior.	1. Lala Ramjidas Vaishya. 2 Mr. B. R. D. Kotawalla. 3. Mr. Nanabhai M. Shah. 4. Mr. J. P. Jhalla.
15.	The Indian Chamber of Commerce, Calcutta.	1. Mr. Faizulla Gangjee. 2. Mr. G. D Birla. 3 Mr. D. P, Khaitan. 4. Mr. G. L. Mehta.
16.	The Indian Chamber of Commerce, Coimbatore.	1. Mr. R. K. Shanmukham Chetty M. L. A. (Cantab). 2. Mr. C. G. Nataraja Mudaliar. 3. Mr. V. Arunachalam Chetty. 4. Mr. C. R. Ramanuja Desikam.
17.	The Indian Chamber of Commerce, Lahore.	1. Lala Harkishen Lal, B.A. (Cantab.) 2. Lieut P. S. Sodhbans. 3. Lala Mahanarain. 4. Malik Girdhari Lal, B.A.
18.	The Indian Chamber of Commerce in Great Britain; London.	1. Sir Shapurjee B. Billimoria, Kt., M. B. E 2. Mr. Spittama Cama. 3. Mr. Kasturbhai Lalbhai. 4. Mr. M. A. Master.
19.	The Indian Insurance Companies Association, Bombay.	1. Mr. K S. Ramchandra Iyer 2. Mr. S. B. Cardmaster. 3. Mr. J. C. Setalvad. 4.

	Names of Members.	*Names of Representatives.*
20.	The Indian Merchant's Association, Chittagong.	1. Rai Upendra Lal RoyBahadur 2. Babu Upendra Mohan Paul. 3. Babu Paresh Chandra Banerjee. 4 Hajee Nazu Meah Swadagar.
21.	The Indian Merchants Chamber, Bombay,	1. Mr. Hooseinbhoy A. Lalji, M. L. C. 2. Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M. L. A. 3. Mr. H. P Mody, M. L. A. 4. Mr. Lalji Naranji, M. L C.
22.	The Indian Mining Federation, Calcutta.	1. Mr. S. C. Ghose. 2. Mr. A. L. Ojha, M.L.C. 3. Rao Bahadur D. D. Thacker. 4 Mr. W. C. Banerjee.
23.	The Indian National Steamship Owners' Association, Bombay.	1. Mr. S. N. Haji, M.L.A. 2. Mr. Jamndas M. Mehta, M.L.A 3. Mr. Abdul Bari Chowdhury. 4. Mr. M.A. Master.
24	The Indian Produce Association, Calcutta.	1. Mr. R L. Nopany. 2 Kumar Krishna Kumar, M.A., B L 3. Babu Sriniwas Poddar. 4. Babu Gaurishanker Dalmia
25.	The Indian Tea Planters' Association, Jalpaiguri.	1. Mr. Jogesh Chandra Ghose, B L. 2. Mr. Nalini Ranjan Ghose M.A., B L. 3. Mr. Debes Chandra Ghose. 4. Mr. Narendra Nath Sen, M A, B.L.
26.	The Jute Balers' Association, Calcutta.	1. Sjt. Baijnath Jalan. 2, Sjt. Lachhmipatsingh Kuthari. 3. Sjt. Harakhraj Lodha. 4. Sjt. Brijlal Lohia
27.	The Karachi Indian Merchants' Association, Karachi.	1. Lala Jaswantrai Churamani M. A. 2. Seth Haji Abdulla Haroon, M.L,A 3 Mr. R. K. Sidhwa. 4. Mr. T. K. Jaswani
28.	The Maharashtra Chamber of Commerce, Bombay.	1. Mr. Walchand Hirachand C I.E 2. Mr B.S Dabke, B Com. 3. Mr. M L. Dabanukar. 4. Mr. N. W. Gurjar, B.A L.L.B.

Names of Members	*Names of Representatives*
29. The Marwari Association Calcutta.	1. Rai Badridas Goenka Bahadur C.I.E. 2. Rai Ram Dev Chokhany Bahadur. 3. Rai Mungtooram Tapuriah Bahadur. 4. Babu Ramdhan Dass Jhajhoria.
30. The Marwari Chamber of Commerce, Ltd., Bombay.	1. Mr. Ramchandra Baid, B. A. 2. Mr. Umashanker Dikshit. 3. Mr. Begraj Gupta. 4. Mr. Nirmalprasad Master.
31. The Mysore Chamber of Commerce, Bangalore.	1. 2. 3. 4.
32. The Native Share and Stock Brokers' Association, Bombay.	1. 2. 3. 4.
33. The Nattukkottai Chettyars Association, Rangoon.	1. Mr. M. A. Muthiah Chettyar B. A. 2 Mr. V. V. R. Subbiah Chettyar. 3. 4.
34. The Seeds Traders' Association, Bombay.	1. Mr. Gordhandas Jamnadas. 2. Mr. Ratilal Mulji Gandhi. 3. Mr. Kaniyalal Maganlal. 4. Mr. Nandlal Bhuta.
35. The Sholapur Merchants' Chamber, Sholapur.	1 Mr. Gulabchand Hirachand. 2. Mr. Nagapa Bandepa Kadadi. 3. Mr. Gangadhar Pandharinath. 4. Mr. Abdul Gani Ebrahimkha.
36. The Southern India Chamber of Commerce, Madras.	1. M. Jamal Mahomed Saib Bahadur. 2. M. R. Ry., M. A. Muthiah Chettiar, Avl., B. A. 3. M. R. Ry., M. Kolanthaivelu Mudaliar, Avl. 4. The Hon'ble Rai Bahadur G. A. Natesan.

	Names of Members.	*Names of Representatives.*
37.	The Southern India Skin and Hide Merchants' Association, Madras.	1. Mr. M. Jamal Mahomed Saib. 2. Dewan Bahadur M. Balasundaram Naidu Garu. 3. Mr. M. Mohamed Ismail 4. Mr. M Nazir Hussain.
38.	The Telikanta Brokers' Association Calcutta.	1. 2. 3. 4.
39.	The United Provinces Chamber of Commerce, Cawnpore.	1. Mr. W. C. de'Noronha. 2. B. Sri Ram Khanna. 3. R. B. B. Vikramjit Singh, M.L.C., B.A., LL.B. 4. Mr. B. P. Srivastava.

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PROCEEDINGS

OF THE

FOURTH ANNUAL MEETING

HELD AT

DELHI

on 7th, 8th & 9th April 1931.

1931.

With Compliments of the Secretary,
Federation of Indian Chambers of Commerce and Industry,
28|30, North Beach Road, Madras.

Federation of Indian Chambers of Commerce and Industry.

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Federation of Indian Chambers of Commerce and Industry

Proceedings of the Fourth Annual Meeting held at Delhi on Tuesday, the 7th April, 1931.

The Fourth Annual Meeting of the Federation of Indian Chambers of Commerce and Industry was held at the Delhi University Convocation Hall, Delhi, on Tuesday the 7th April, 1931, at 11-30 a.m.

Lala Shri Ram, President of the Federation, received at the entrance Mahatma Gandhi and introduced to him Sir Purshotamdas Thakurdas, Kt., Mr. G. D. Birla, Mr. Walchand Hirachand, Mr. Fakirjee Cowasjee, Mr. D. P. Khaitan, Sir Chunilal V. Mehta, K.C.S.I., Mr. Nalini Ranjan Sarker, Mr. Hooseinbhoy A. Lalljee, Mr. Kasturbhai Lalbhai, Mr. Ambalal Sarabhai, Mr. Lalji Naranji, Mr. Ranchordas H. Gandhi, Sirdar Bahadur Sobha Singh, Mr. Rameshwar Lal Nopany, Mr. B. Das, M.L.A., Mr. Rameshwar Prasad Bagla, M.L.A., Mr. Chunilal B. Mehta and the Secretary, Mr. D. G. Mulherkar.

Distinguished amongst those who accepted the Committee's invitation to be present at the opening of the Fourth Annual Session of the Federation were Sirdar Vallabhbhai Patel, President, Indian National Congress, Pandit Jawaharlal Nehru, the Hon'ble Sir Ibrahim Rahimtoolla, K.C.S.I., C.I.E., President of the Legislative Assembly, the Hon'ble Sir George Schuster, K.C.M.G., C.B.E., M.C., Finance Member to the Government of India, Pandit Madan Mohan Malaviya, Sir T. Vijayaraghavachariar, Vice-President, Imperial Agricultural Research Council, Sir Bhupendra Nath Mitra, Raja Sir Motichand, Mr. Syed Raja Ali, the Earl of Aylesford, Sreejut Rajagopalachariar, Members of the Working Committee of the Indian National Congress, the Hon'ble Sir Frank Noyce, Kt., C.I.E., C.B.E., Sir Hugh Cocke, Kt., Sir Ross Barker, Sir Edward Buck, K.B.E., the Hon'ble Raja Bijoy,

Dhoodhooria, Mr. A. G. Dicks, Mr. G. K. Deodhar, C.I.E., Mr. A. Moore, M.L.A., Mr. P. Mukerjee, Dr. L. K. Hyder, Hon'ble Syed Abdul Hafiz, Mr. A. Hydari, I.C.S., Mr. V. K. Aravamudha Iyengar, Raja Bahadur G. Krishnamachariar, M.L.A., Mr. W. Lamond, Mr. Mukhtar Singh, Dr. P. P. Pillai, Mr. J. C. Nixon, Rai Saheb Ladli Pershad, Mr. I. S. Puri, Mr. F. V. Rushford, Mr. K. C. Roy, M.L.A., Mr. S. P. Shah, I.C.S., Rai Bahadur L. Sen, Mr. D. C. Scott, Mr. H. A. Sams, Mr. J. Ramsay Scott, Mr. B. P. Varma, Mr. J. A. Woodhead, Mr. C. B. Young, Mr. B. Ramrao, Mr. Pearey Lal, Mr. G. E. Grant Govan, Mr. C. M. Grant Govan, Mr. V. F. Gray, Mr. N. R. Gunjal, M.L.A., Mr. A. S. De Mello, Lala Fakirchand, Mr. A. R. C. Cooper, Mr. F. B. Bloomfield, Prof. Brij Mohan Lal, Mr. A. H. Byrt, Mr. S. N. Banerjee, Mr. K. K. Bose, Mr. J. N. Sahani, Mr. S. C. Sahani, M.L.A., Prof. H. L. Chablani, Mr. N. K. Sen. Besides these, there were present as representing the Member-Bodies, Sir Chinubhai Madhawlal, Bart., Sheth Kasturbhai Lalbhai, Sheth Ramanlal Lallubhai, Sheth Himatlal Kalidas, Sheth Trikamlal Girdherlal, the Hon'ble Rai Bahadur Radha Krishna Jalan, Mr. B. Das, M.L.A., Mr. Balkrishna Das, Mr. K. C. De, Mr. Jadu Nath Roy, Mr. Nalini Ranjan Sarker, Mr. Narayandas Bajoria, Mr. Chunilal B. Mehta, Mr. Mangaldas Motilal Sheth, Khan Bahadur Ahmed Chandoo, Mr. Ranchordas H. Gandhi, Mr. S. A. S. Tayabji, Mr. Fakirjee Cowasjee, Mr. C. A. Buch, Mr. Hosang N. E. Dinshaw, Lala Ram Pershad, Seth Lakshmi Narain Gadodia, Sirdar Bahadur Sobha Singh, Mr. Baij Nath Syal, Mr. Nandlal Kilachand, Mr. Ratilal Mulji Gandhi, Mr. Ramjidas Vaishya, Mr. N. M. Shah, Mr. D. P. Khaitan, Mr. G. D. Birla, Mr. B. A. Padmanapa Aiyar, Lala Harkishan Lal, Raja Sir Daya Kishen Kaul, Mr. Gaganvihari Lallubhai Mehta, Mr. K. S. Ramachandra Aiyar, Babu Jasoda Lal Ghosal, Sir Chunilal V. Mehta, K.C.S.I., Mr. Behram N. Karanjia, Mr. Hooseinbhoy A. Lalljee, Sir Purshotamdas Thakurdas, Kt., Mr. S. C. Ghose, Mr. A. L. Ojha, Mr. Walchand Hirachand, Mr. M. A. Master, Mr. Kaikobad C. Dinshaw, Mr. Rameshwar Lal Nopany, Mr. Prabhu Dayal Himatsingka, Mr. Sitaram Saksedia, Lala Jaswantrai Churamani, Mr. Srikishindas H. Lula, Mr. R. K. Sidhwa, Seth Isserdas Varindmal, Mr. M. L. Dahanukar, Mr. B. S. Dabke, Mr. Begraj Gupta, Mr. Kishan Prasad, Mr. Rajendra Somnarayan, Mr. M. Ct. M. Chidambaram Chettiyar, Mr. Gordhandas Jamnadas, Mr. Gulabchand Hirachand Doshi, Mr. V. Ramadas Pantulu, Mr. A. Rangaswami Iyengar, Mr. Vidyasagar Pandya, Mr. M. Mohamed Ismail, Lala Rameshwar Prasad Bagla, Mr. K. L. Gupta, Mr. Yacoob H. Lalljee, Mr. Goolamhusein

Matcheswalla, Mr. A. R. Bhatt, Mr. S. M. Patkar, Mr. J. K. Mehta, Mr. Lalshankar Harprasad, Mr. Uttamram Ambaram, Mr. M. P. Gandhi, Mr. J. L. Pandit, Mr. P. Raghavan Nair, Mr. K. Shama Aiyar and other representatives * of the Member-Bodies. Among the ladies present were Lady Schuster, Mrs. K. C. Roy, Mrs. K. K. Bose, Miss Bose, Miss Pillai, Mrs. Fakir Chand, Mrs. Dewan Chand.

The President, Lala Shri Ram, requesting Mahatma Gandhi to declare the proceedings of the Fourth Annual Session of the Federation open, delivered the following speech:—

Respected Mahatmaji, Ladies and Gentlemen,

I welcome you all to this the Fourth Annual Session of our Federation. We are making a new departure this year in holding our Session as late as April, but I am sure you will all be gratified to see Mahatmaji amongst us to inaugurate the proceedings of this Conference and this would not have been possible if we had held our meeting earlier in the year. We are justly proud of the Mahatma; he is not only a national asset but a world force, the idol not merely of his countrymen but of all those with whom the moral and the spiritual forces count more than the physical and the material issues. The country owes him a deep debt of gratitude for the phenomenal awakening in the country and for the confidence he has created in the masses by the movement he inaugurated a year ago for the attainment of Swaraj. May I, on behalf of the Indian commercial community, assure you, Sir, that we all feel it a rare honour and a great privilege to have you amongst us here to-day. In view of what His Excellency the Viceroy said last year about his inability to preside this year over the deliberations of the Federation, it was not possible for him to be amongst us to-day. We should have been, however, glad if His Excellency had been present here to receive from us personally our felicitations on the truce that he has helped to bring about. His Excellency will soon be retiring from India and on behalf of the Indian commercial community I am taking this opportunity of requesting him to continue to use his good offices towards consolidating the peace arrived at by securing for this

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* A list of the affiliated Member-Bodies of the Federation with their representatives is printed as Appendix A.

country a place of honour and respect in the Commonwealth of the British Empire.

The great struggle that has gone on during the last year has come to an honourable end through the efforts of two notable personalities who have worthily represented the two races of the East and the West. The Gandhi-Irwin agreement is a distinct landmark in our history, a signal stage in the building up of our national constitution, and every member of the commercial community in India will be grateful for the statesmanlike settlement arrived at between the Government and the people of this country. The representatives of the Indian National Congress will now be participating in the discussions of the Round Table Conference and we hope to see at no distant future the fruits of the joint labours of the representatives of the people and the British Government embodied in a constitution which will satisfy the legitimate aspirations of the people of India and prevent a renewal of the fight so honourably brought to a close by the Gandhi-Irwin agreement.

During the course of last year we were compelled by our sense of duty to give emphatic expression to our views on two political events of importance. Having failed, in spite of repeated efforts, to elicit from the Government a definite declaration about the scope and function of the Round Table Conference and an assurance for the establishment of Dominion Status for the country with the necessary safeguards during the transitional period, we were obliged to advise our affiliated member-bodies to abstain from all participation, direct or indirect, in the Round Table Conference. We had also to express our feelings of strong dissatisfaction with the representation accorded to India in the Imperial Conference held in London in October last. The Committee of the Federation had, therefore, to make it clear to those assembled at the Conference that so long as India did not get an effective control over her fiscal policy and was not represented at the Conference by a direct representative of her own, she could not be expected to feel herself bound by any commitment made on her behalf, and I am sure you will agree that your Committee have rightly interpreted your feelings in both these matters. I frankly admit that some of our Members were not satisfied with the amount of work that we did during the last year but I have this satisfaction that in a very stormy year we have not only held our own but it will be possible for me to hand over charge of the Federation, if anything, with enhanced prestige to my successor.

Since we met last year in this very hall many events have occurred in the economic sphere which have intensified the gloomy prospect we had then in view. There has been a catastrophic fall in the prices of our chief staple agricultural commodities, with the result that the purchasing power of the agriculturists has been reduced in a single year to an extent unparalleled in recent history. In the first place, the fall in prices in India has been heavier than in manufacturing countries like the United Kingdom. Secondly, exports have fared worse than imports in this respect. While the fall in the prices of the former between September 1929 and December 1930 was 36 p. c. the fall in the latter was 16 per cent. In the words of the Finance Member, "India may, therefore, perhaps be said to be going through the worst time now. She has felt the severity of the fall in the case of what she has to sell, but has not obtained a corresponding advantage of the fall in prices of what she has to buy." Almost every trade complains of difficulties, and all efforts of businessmen to rehabilitate their trade and industries have been defeated by forces beyond their control. Budgetary equilibrium is a thing of the past and deficits seem to be the order of the day. Fresh taxation to the tune of several crores has been imposed, while, public debt, both funded and floating, continues to grow, and the rates at which Government have been borrowing during recent years are bound to have further sinister effects not only on the finances of the Central and the Provincial Governments but also on those of the local bodies and of business firms. There is a general lack of confidence in the country, and there are no signs whatsoever of any serious constructive effort on the part of Government to raise the country out of what is veritably a slough of despond.

Most of these difficulties are ascribed to the operation of world causes; but some at least of the world causes which are operating to the disadvantage of the countries in Europe do not exist in India at all. The huge war debts and the reparations which have been hanging heavily over European countries generally and with crushing weight on Germany particularly, could have had no serious effect on the internal economy of India. Paying interest on war debts is like paying interest on losses. If our loans, as our experts have all along assured us, are for the larger part for productive purposes, the growing public debt of India should alleviate and not deepen the gloom in trade and industry. Neither the Government of India nor the Provincial Governments have incurred any large social expenditure on unemployment, etc., as the Government in England has done. There are, therefore, no

indirect additions to the cost of production, such as those of which British industry is complaining The new tariff-walls in foreign countries which are a serious handicap on British trade and industry, will at most have been a minor and not a major cause of our difficulties. We do not depend, as England does, primarily on foreign trade; our internal trade is vastly greater than our external trade, and our export trade consists of food and raw materials on which custom duties in foreign countries are generally the lowest. Three of the major causes of depression in trade in European countries therefore cannot be held responsible for our difficulties.

For much of the suffering, the currency policy of the Government in recent years is directly responsible. On the eve of exchange stabilisation, the spokesman of the Government said that to his mind "there was very much more prospect of a relative stability in world prices than there had been until recently." He has proved hopelessly wrong in his forecast, and yet in a period of continuously falling prices, the Government had persisted in maintaining a rate of exchange which is 2d. above the pre-war rate. It is no use persisting in a policy which was based on a belief which events have conclusively shown to have been a wrong one. In the absence of any tangible evidence of an effective international co-operation for the purpose of stabilising the value of gold, the best policy for this country would be for the present to let the exchange take its own course.

Another major cause of the depression in our trade and industry is, in my opinion, the borrowing policy pursued by the Government of India during recent years. While in the world outside, falling commodity prices and trade depression have been met by a steady fall in money rates, the rates of interest in India have actually risen because of the borrowing policy pursued by the Government of India and their persistence in stabilising exchange, in the face of sharply falling prices in the world outside. This excessive borrowing of the Government of India is due, not so much to a mistaken policy of genuine investment in productive enterprises as to their budgetary deficits and their determination to maintain fixity of exchange at the ill-fated ratio of 1s. 6d. The Government of India has, in fact, become a 'distress borrower' in the money market in order to support exchange, which in spite of their efforts has been consistently and persistently below 1s. 6d. level during the last 24 months. A 'distress borrower' is uninfluenced by the return on the actual current investments and tends

to squeeze out the genuine borrower from the money market. What the effect of the policy of such borrowings at high rates of interest has been can be well judged by a reference to a statement prepared by the League of Nations and published in the memorandum on Public Finance for 1922—26, which shows that the public debt of India reduced to pre-war price level rose only by 16.3 per cent in the year 1926 over its level in 1924, while the gross interest charges reduced to pre-war price level increased in the same period by as much as 94.2 per cent.

The heavy taxation of the Government due to excessive expenditure is another blighting influence on trade and industry. When prices rise, the Finance Members, Provincial and Imperial, readily go before the legislatures with proposals of fresh taxation. When prices fall, they generally resist all proposals for retrenchment. We are fast approaching the level of prices in 1914, the Calcutta index number for December 1930 being only 101; but the expenditure of the Government shows no sign of falling to the pre-war level. The total expenditure charged to revenue for the whole of India (Imperial and Provincial) for the year 1913-14 was Rs. 1,243,421,280 while the budget estimates for the year 1931-32 provide as much as 132.4 crores for the expenditure of the Central Government alone. Military services cost India in the year 1913-14 only 31.8 crores, but the Government of India provided as much as 51.00 crores for military services in the budget estimates for 1931-32. The expenditure on the army must be brought down immediately to give relief to the tax-payer. The Inchcape Committee proposed certain reductions in the expenditure of the Government on the assumption of a price level current in 1921. They definitely stated in several of their recommendations that the actual figure for a particular year should be reduced far below that recommended by them in the event of a further fall in prices.

The need of public economy was never greater than at present. We know that a Retrenchment Committee has been promised by the Finance Member in his Budget speech, but there can be little hope that it will be allowed to suggest radical reforms or modifications of policy without which no substantial retrenchment can be made. To quote the words of Sir Eric Geddes, it would be no use "using a small pruning knife when an axe or saw is needed." What justification can there be for maintaining a rigidity of administrative cost at a time when prices are collapsing and the country is in the grip of the worst depression it has ever known? What is wanted above all is a lead from high officials by

way of an "essay in self-sacrifice." Examples are not wanting, though it is true they are confined to countries enjoying complete self-government.

The Government of India are thus directly responsible for the three major causes of our difficulties—their policy of exchange stability in the face of falling prices in the world, their heavy borrowings at high rates of interest, and their crushing taxation in a period of peace and falling prices. The record of Government's achievement in the sphere of relief to the suffering people has been precious little. And this is precisely why the public in India insists that the power of the purse should, under the new constitution, vest in popular ministers who will grapple seriously with our economic problems, particularly the problems of our growing unemployment and our depressed agriculture and industry.

The Government of India having lowered the credit of the country by their financial mis-management are not justified in saying that any transfer of control to Ministers responsible to the Central Legislature without the so-called guarantees would result in a serious shock to India's credit leading to large movements from the country of capital both Indian and European and a restriction on new enterprise. A popular minister responsible to the legislature will be more jealous of the credit of his own country than the present administration and the public will have so much confidence in their own ministers that there will be only few occasions for him to have recourse to foreign borrowings. All the special difficulties inherent in the present financial and economical position which are regarded as obstacles to full responsible Government in India are really strong arguments in favour of transferring the destinies of this country to ministers responsible to the popular Assembly. If the general economic difficulties from which the country is suffering have to be faced seriously, success can be achieved only by ministers who can rely on popular support for carrying out energetically any programme which they consider necessary in the best interests of the country.

The Government regard the present moment as exceptionally unfavourable for an attempt to establish even a Reserve Bank because the obligations incidental to their own mistaken policy of maintaining fixity of exchange at 1s. 6d. in the face of falling prices in the world will be far too heavy for a Reserve Bank to

take up,* as if a national Reserve Bank would pursue a policy detrimental to the economic interests of the country.

Some of the arguments in the Government of India's Despatch on Constitutional Reforms make one despair of the future. It is to my mind unfair to suggest that the officers in the all-India services, both European and Indian, who received special concessions recommended by the Lee Commission on the express ground that prices had risen considerably since they were recruited should be given guarantees that their existing emoluments and privileges would be retained, no matter how sharp may be the fall of prices within and without India.

The Government of India have repeatedly referred to the apprehensions felt by the British businessmen that we shall follow a policy of discrimination against British trade and industry, and have supported on this ground the demand for effective guarantees against such a possibility. They cannot mean to suggest that our trade and industry shall be denied the assistance and encouragement which national Governments everywhere accord to their own trade and industry. Such a position will never be tolerated by self-respecting and patriotic Indians. No popular minister will accept office under such conditions; nor will he be able to retain his position for a day if he is in any way responsible to a representative legislature. The Government of India admit in their Despatch that "for a number of years there has been an insistent demand from Indians of all shades of political thought that the economic policy of the country should be shaped on national lines, that in particular industrial development should be actively pursued and that the control should be placed in Indian hands." And they rightly point out that "unless in this region some transfer of power proves feasible, it will not be possible to satisfy Indian aspirations." If as the Government of India themselves admit, the customs tariff is the most powerful instrument which a Government desirous of pursuing an active programme of industrial development can employ, we cannot allow our liberty of action to be fettered in any way. The Government of India seem to suggest that the convention regarding the so-called fiscal autonomy meets our legitimate demand, but this will not do.

Much the same may be said about our powers to foster national shipping. We are not going to be led away by the cry of unfair

*Para. 191, Govt. of India Despatch on Constitutional Reforms.

discrimination raised by vested interests ever since the introduction of the Coastal Reservation Bill. We all know the reasons why our shipping companies have failed in the past, and we must leave no stone unturned to remove the causes of our failures. That there was reason and justice on our side is proved by the fact that His Excellency the Viceroy tried to bring about some sort of compromise, but as usual the British companies proved too obdurate. And now attempts are made to prevent by statute all efforts to revive our ancient shipping industry. But I may frankly tell our British fellow subjects that a nation which is reminded by its Shastras that when the Supreme Creator churned the ocean, the butter produced was Lakshmi, the Goddess of Wealth, that nation is not going to allow for long its seas to be churned by foreign ships and let the resulting wealth go into the pockets of foreigners alone.

There is one other aspect of the impending changes in the Indian constitution to which I think it my duty to refer in view of its vital bearing on trade, commerce and industry. In the sphere of economic policy and in all questions relating to trade and industry, India is one and must remain one. The Government of India in their Despatch acknowledge that provinces cannot be regarded as special economic units (para. 177) but in the various schemes for the distribution of power and functions between the provincial and central governments, I have a feeling that a very inadequate appreciation has been shown of the implications of this dictum. Whatever may be the delegation of power to the provinces the development of industry and the tariff policy of the Central Government are intimately related. The interests of India as a whole have to be considered and not the narrow interests of a particular province. These interests can efficiently be looked after only by a Government which takes note of the national needs as a whole and has the power to shape its policy in the whole of India in accordance with those needs. Whatever, therefore, may be the distribution of functions between the Central and Provincial Governments, we cannot allow Indian Provinces and Indian States to be divided among themselves in the sphere of economic development of the country.

Please allow me to draw your attention to another important matter. It has happened time and again that the Congress has committed itself to certain economic ideas of far-reaching effects. Take the case of the declaration of rights recently made at the

Karachi Congress. I do not want to criticise the declaration itself. Most of the points are, in fact, very good while about others it may be said that they require further investigation. What at this stage I wish however to say is this: could we expect the Congress before committing itself to principles of such vital importance to consult the vital interests concerning them? We do not wish to be misunderstood to be presumptuous but we claim with due modesty that economics is our field and we may be of real service to the country and to the Congress. We would therefore suggest you, Sir, a sort of a convention for future that in all matters pertaining to realm of economics, the Congress before making up its mind will allow us to offer it our suggestion and if necessary have discussion with our members.

The Government of India have reminded us of the services rendered by British enterprise in the industrial and economic development of the country and have asked for an assurance that the future Indian Government would treat British businessmen not as aliens but as citizens of the country. So far as the past services are concerned, I do not wish at all to minimise the importance of the pioneering work which some of the British businessmen have done in India in the sphere of its economic development, but as Mr. Birla said last year they have been adequately paid for this spade-work. The Government of India are anxious to have statutory safeguards for British interests, but after giving very serious thought to the subject, I feel convinced that no statutory provision of this sort can possibly benefit these interests unless the British businessmen earn the goodwill of India, in which case they are superfluous. If the British interests insist on unreasonable safeguards and guarantees in the future constitution of the country, patriotic Indians are bound to fight shy of them and make every effort to resort to other countries for the necessary material and expert advice. I, therefore, appeal to the British commercial community in the country that they should throw in their lot whole-heartedly with the nationals of the country in attaining the goal. By working together with the Indians in all that vitally concerns this country, the British mercantile community can earn for themselves the goodwill which will help their business and strengthen their position in India far more than any of the most rigid constitutional guarantees. The British business community which is richly endowed with common sense has an ideal opportunity of converting the hithertofore advocates of boycott of British goods into advocates of preference of Brtish over non-British products and I am sure they will grasp it by

sincerely identifying themselves with Indians and by not insisting on any so-called safeguards in the constitution. I already see an improvement in their attitude in some parts of the country, and earnestly hope that it will develop into a genuine desire to see this country get its rightful place in the Empire.

Similarly I feel that I would be failing in my duty if I did not indicate to Government both in India and in England the immediate hopes and aspirations of the Indian commercial community. I have already said that India looks forward to Lord Irwin continuing in England that sympathetic attitude of his which has enabled us all to meet here to-day. I mean you, Mahatmaji and the Hon'ble Members of the Viceroy's Executive Council. The present outlook in trade and commerce is anything but cheerful. Unfortunately clouds are still looming large on the horizon and may assume a menacing outlook. Happily a silver lining to them is beginning to show itself. Should contentment in India be secured as a result of the next meeting of the Round Table Conference in London, the silver lining will deepen till at last it outshines the clouds altogether. This in turn will bring about better confidence in trade and commerce, not only in India and England, but also in the rest of the civilised world which has been watching our doings in the political field. Looking to the cheering reaction on trade and commerce generally by the announcement of the Gandhi-Irwin agreement, one has to imagine what the effects of a permanent settlement will be. I speak with full deliberation, and I say that the situation, unless rightly handled at this juncture, will degenerate into something which I dread to contemplate. I recall the warning given by Mr. Birla towards the close of his address last year from this very platform, and I hope that when we meet again a year hence, my successor will have no occasion to sound a similar note. In any case, events have amply proved that those who warned England in time did not raise false alarm. The situation can yet be saved if India is conceded her birthright without any further delay. Let there be no mistake about the unanimity of the Indian demand or its object. We want nothing more than Dominion Status, but nothing less will satisfy us. If there are to be any reservations of power anywhere, India's delegates to the Round Table Conference must be convinced that other Dominion constitutions contain similar provisions, and that every reservation is to be subservient to the main purpose of making India happy and prosperous. No constitution which does not enable the Nationalist Government to bring about a substantial improvement in the present

wretched condition of the masses will be worth the paper on which it is written. Even reservations in respect of military defence must not be such as to preclude the possibility of the people's burden being adjusted to their capacity to bear it. Given the substance of the freedom which we seek, the Indian delegation will not be a "stickler for the provisional form." But if there is a desire or attempt to deny the substance then I say, God help both India and England.

You all know, gentlemen, however, since this movement was started by Mahatmaji, it has attracted the attention of the whole world. Distinguished foreign journalists from across the seas visited this country and watched personally the course of the movement. Happily for us all, the grave crisis through which the nation has passed during the last year has come to an honourable end. The Gandhi-Irwin agreement has convinced world opinion of the justness of the cause for which the country has been fighting, and has rallied it in its favour. The Indian commercial community has stood by the just cause which you, Sir, so earnestly espoused. It may not be out of place to mention here that in deference to our resolution regarding our non-participation in the Round Table Conference to which I referred at the beginning, some of the Members of our Committee including an ex-President of the Federation declined with thanks the invitation of the Viceroy to the Conference. The business community has no doubt that you will continue the negotiations with the same tact, firmness and perseverance which all have come to regard as characteristic of you, and give England every chance to do justice by India. We hope and pray that you will be able to carry world opinion with you in all the stages of the Conference which is about to begin. So far as the Indian commercial community is concerned, it has made its attitude amply clear, and I may repeat that we are in no way behind any other section of the community in seeking the substance of Swaraj for our country, so that in all domestic affairs, Indians may be masters in their own house. We have only to wish you and through you, ourselves the best of strength to secure for India lasting peace as a result of your struggle.

I thank you all, Ladies and Gentlemen, for giving me a patient hearing and on behalf of you all, request Mahatmaji to declare the proceedings open. (Applause).

Mahatma Gandhi in declaring the proceedings of the Fourth Annual Session open, addressed the House in Hindi. The following is the condensed translation of Gandhiji's Speech:—

I hope the English friends here will forgive me for addressing you in the national language. I recall on this occasion the War Conference in Delhi which was held in this very hall in 1918 and in which after some discussion with the Viceroy I consented to participate. But when I consented to do so I requested the Viceroy to permit me to address the Conference in Hindi or Hindustani. I knew there was no need to ask for this permission, but courtesy required that I should do so, lest my speaking in Hindi should shock the Viceroy. In this very same hall to-day I propose to follow the same practice. And I would suggest to you, members of the Federation, that it is your duty to carry on your proceedings in the national language, looking to the fact that the members of the Federation are all Indians and that you are allowing yourselves to be influenced by the present national spirit. Whilst I was listening to the President's address with attention, I wondered whether in speaking in a foreign language he would succeed in making on you and on me the impression that he desired. In no other country, dependent or independent, was such an anomaly to be met with. In South Africa, which is a thinly populated country, there has been a long struggle for precedence between English and Taal (a dialect of Dutch) with the result that the English colonists had to yield to the brave Dutch in recognising Taal as the official language on the same footing as English.

Your President has dwelt at length on the insistence of the Englishmen that in any constitution which may be granted to India the rights of Englishmen, especially of the English commercial and mercantile firms in India, should be safeguarded. The Congress has considered this question carefully, and I should like to state its position. It has been said that Indian Swaraj will be the rule of the majority community, i.e., the Hindus. There could not be a greater mistake than that. If it were to be true, I for one would refuse to call it Swaraj and would fight it with all the strength at my command, for to me Hind Swaraj is the rule of all the people, is the rule of justice. Whether under that rule the ministers were Hindus or Mussalmans or Sikhs, and whether the legislatures were exclusively filled by the Hindus or Mussalmans or any other community, they would have to do even-handed justice. And just as no community in India need have any fear of Swaraj being monopolised by any other,

even so the English should have no fear. The question of safeguards should not arise at all. Swaraj would be real Swaraj only when there would be no occasion for safeguarding any such rights.

Not Prejudice but Clash of Cultures

How is it that the insistence on equal rights by Europeans comes to us with a shock of surprise? How is it that it does not strike us as natural and legitimate? The answer puts me in mind of an incident in South Africa. You know that I fought General Smuts in South Africa for a number of years. With reference to the question of race prejudice and colour prejudice there he once told me a story which impressed me very much. "When I was about the same time as you studying in England," he said: "I had no race prejudice or colour prejudice against your people. In fact if we had known each other we should have lived as friends or brothers. Why is it then that now we have become rivals, that we have conflicting interests? It is not colour prejudice or race prejudice, though some of our people do ignorantly talk in those terms, but there is one thing which I want you to recognise. It is this. I may have no racial legislation, but how will you solve the difficulty about the fundamental difference between our cultures? Let alone the question of superiority, there is no doubt but that your civilisation is different from ours. Ours must not be overwhelmed by yours. That is why we have to go in for legislation which must in effect put disabilities on you." I understood what he said and recognised that we could not have any other standard there. I also appreciated the fear of being swamped in these days of swift communications. If, therefore, we wanted to live in South Africa, I said to myself, we must adopt their standard of life, so long as it was not against morality.

Let us try to understand the genesis of this talk of equal rights in the light of what I have said. With all deference I would tell the Englishmen that at the back of their insistence is their insistence on living their standard and civilisation. There is a wide gulf between our way of life and that of the Viceroy however good he may be. Our people, when they go abroad, adopt the manners and customs of those countries, but shed them as soon as they come back home, and if they retain them they become strangers. It is a mercy that the Western way of life has not yet taken deep root in our country. But the

fear at the back of the Indian's mind is lest he should be swamped by the onrush of Western civilisation. In this problem I invite the help of all Englishmen who, if they choose to stay here, must live in conformity with our way of life and as the servants of our country. The same cause has been at the root of the clash between the Chinese and the Europeans and the Chinese and Americans. I want our English friends to understand what I am saying. The whole trouble arises out of the Englishman's insistence on living according to his Western way of life and according to Western standards. I am quite aware that our civilisation has its blemishes,—untouchability is an indelible stain on Hinduism and I have called it satanic,—but I do not want to give Hinduism up, for the simple reason that I was born and bred in it. I would purge it of its blemishes. If then we contemplate examining so-called vested rights in the light of India's interest, it is not because of racial prejudice but because of vital necessity. Their vested rights may not smother nascent indigenous enterprise.

Merchants and Congress

Your President has paid a tribute to the Congress, and suggested that the Congress should confer with commercial experts in economic matters. I welcome the suggestion. The Congress would always be glad of your advice and help. I may tell you that the Congress does not belong to any particular group of men; it belongs to all, but the protection of the poor peasantry, which forms the bulk of the population, must be its primary interest. The Congress must, therefore, truly represent the poor. But that does not mean that all other classes—the middle classes, the capitalist or Zamindar—must go under. All that it aims at is that all other classes must subserve the interest of the poor. The Congress stands for the industrial prosperity and progress of India. The industrial classes are slowly coming within the Congress fold. During the past year they rendered it help for which we cannot be too grateful. In fact your invitation to me to address you is not due to my name, but because I am a humble servant of the Congress and representative of Daridranarayan. I cannot forget the services rendered by the commercial classes, but I want you to go a step further. I want you to make the Congress your own and we would willingly surrender the reins to you. The work can be better done by you. But if you decide to assume the reins, you can do so only on one condition. You should regard yourselves as trustees and servants of the poor. Your commerce must be regulated for the benefit of the toiling

millions, or, as Pandit Malaviya would put it, you must be satisfied with earning the 'pure cowrie,' i.e., an honest penny. I do not for a moment believe that commercial prosperity is incompatible with strict honesty. I know businessmen who are absolutely honest and scrupulous in their dealings. It is thus easily open to you to take charge of the Congress. You know that there is no constitution more democratic than the Congress constitution, it has worked for ten years without a hitch. It is based practically on adult suffrage.

If we want your co-operation in our task, I want that of the Englishmen too. I want to remind them of the services rendered to the Congress in the past by distinguished Englishmen and Englishwomen like Hume, Yule, Wedderburn, and Dr. Besant. In fact the Congress owes its birth to the genius of a large-hearted Englishman. And I want Englishmen now to join us in our work of serving the poor. It is entirely a matter of good-will, a matter of the heart. Give your heart to the poor of India. In conclusion I repeat that the Congress seeks to represent all. Our nationalism can be no peril to other nations, inasmuch as we will exploit none just as we will allow none to exploit us. Through Swaraj we would serve the whole world. In this task I invite your greater co-operation so that civil disobedience may not have to be resumed. With your material and intellectual co-operation heartily rendered, our demand for Swaraj would be absolutely irresistible.

Mr. G. D. Birla while moving a vote of thanks to Mahatma Gandhi, said that originally the honour was reserved for Sir Purshotamdas, but since Gandhiji wanted speeches in Hindi the fortunate duty had fallen on him. (Cheers and laughter).

He assured Mahatmaji that the whole merchant community was full of devotion for him. They worshipped him from the core of their hearts. (Cheers).

Merchants had been taking a silent part in the Congress; they could not take more active part as unfortunately merchants were suspected and labelled as "Capitalists."

"We shall continue to do our bit, but we do not seek office or honour because service and not honour is our motto." (Cheers).

Mr. Birla assured that they shall continue to offer their whole-hearted support to the Congress.

"Our brain and our heart is with the Congress if not our body." (Cheers).

Mr. Birla then referred to the circumstances under which the Committee of Federation thought it advisable to publish a brochure giving facts and figures in connection with the management of India's currency from 1914 up to date. The book has been specially written by Mr. Paras Nath Sinha, B.A., LL.B., at the request of the Committee of the Federation. He requested the President to present an illuminated copy of the publication to Mahatma Gandhi.

The President, Lala Shri Ram, presented to Mahatma Gandhi an illuminated copy of the publication "Indian Currency and Exchange, 1914-1930."

The Conference stood adjourned to 2-30 p.m. in the afternoon.

AFTERNOON PROCEEDINGS

Tuesday, 7th April 1931.

2-30 *p.m.*

Government Members present:

The Hon'ble Sir George Rainy, K.C.S.I., K.C.I.E.,

The Hon'ble Khan Bahadur Mian Sir Fazl-i-Husain, K.C.I.E., Kt.

The Hon'ble Sir Frank Noyce, Kt., C.S.I., C.B.E., Secretary to the Government of India, Department of Education, Health and Lands.

Sir Chunilal V. Mehta, (Indian Merchants' Chamber, Bombay):—Gentlemen, I move that, in the unavoidable absence of Lala Shri Ram, Mr. G. D. Birla take the Chair.

The House unanimously agreed to the proposition.

Mr. Birla thereupon took the Chair.

The Chairman: (Mr. G. D. Birla):—Before I call upon Mr. Walchand Hirachand to move Resolution No. 3 about agricultural produce, I should like to express on your behalf our regret to the Honourable Sir George Rainy and the other Government Members, whom we asked to come here at 2 p.m. and who have been waiting for us on account of our not having come here punctually. I do not think I can put forward any excuse. It was unavoidable but that is no consolation to them. All the same I hope Sir George Rainy and the other Government Members will accept our regrets. I would now ask Mr. Walchand Hirachand to move his Resolution.

Mr. R. K. Sidhwa (Karachi Indian Merchants' Association): I rise on a point of information before the business starts. I want to know whether the Resolutions which have been sent by the various member-bodies will be allowed to be taken up although they are not on the agenda. Last time a similar question had arisen and you stated, Sir, that they would be taken up after the business on the agenda was over. A similar question arises to-day. I find that several Resolutions which were sent by the various member-bodies have not been inserted in the agenda, although many of them are very important. I should therefore like to know what will be the actual procedure of the business.

The Chairman: The procedure in this case has been that all the Resolutions were put before the Committee and they decided that we should take only the very important subjects. In view of the political situation this year we thought we should take only general Resolutions which were of very vital importance and leave over such Resolutions which were more concerned with details or of local importance only. Anyhow that has been the view of the Committee, and therefore we decided to take only six or seven important Resolutions. If it is the desire of the House that after we conclude our work other Resolutions not on ordinary agenda should be taken up, I think the matter might be considered, but I do not want to commit myself one way or the other, for I think that at this stage it is essential that we should proceed with the work on the agenda. I therefore call upon Mr. Walchand Hirachand to move Resolution No. 3.

AGRICULTURAL PRODUCE

Mr. Walchand Hirachand (Maharashtra Chamber of Commerce, Bombay): Mr. President and brother delegates, the Resolution in which I am interested runs as follows:—

"(A) The Federation views with alarm the abnormal depression brought about by unprecedented fall in the prices of agricultural produce specially wheat, cotton, groundnuts, jute, etc., and while noting the Government's action in reducing Rail-Freight Rates on wheat in certain cases deplores the general apathy in giving immediate relief to the agricultural population of the country.

(B) (i) The Federation suggests for the acceptance of the Government of India substantial reduction in the Railway freight on agricultural produce which would also result in stimulating greater volume of trade.

(ii) The Federation expresses gratification at the recent imposition of the import duty on wheat even though it is a very tardy step in that direction bearing in mind that the price of wheat in the market centres upcountry had declined to under-cost of cultivation about a year back.

(iii) The Federation suggests similar import duty on or prohibition of import of rice from foreign countries.

(C) The Federation further urges upon the Government of India the necessity of revising the Land Revenue Policy with a view to afford adequate relief to agriculturists in case of such unprecedented slump in prices."

The Resolution which I have to place before the Federation for their consideration deals with an urgent and important economic problem that affects the welfare of the millions of this country and merits immediate consideration and quick solution at the hands of the Government. I need not dwell at length on the heavy and unprecedented fall in general prices of agricultural produce during the last year and a quarter, which is estimated at about 35 to 40 per cent. and has caused a severe depression all over the land. The general level of prices of agricultural produce last year, or rather a year and a quarter ago, was nearly 50 per cent. higher than during the current year and this will convey some idea of the unusual and heavy losses suffered by the cultivator.

This was arrived at on more or less what one can call prices at ports. But if you take the farm prices, prices actually accruing to the agriculturist before the produce is removed, the percentage will be still bigger because of certain standing charges, such as railway freights or in the case of cotton, ginning and pressing and other charges. I do not desire to dilate on the causes of this severe fall in prices and how far it is due to world factors and how far to the monetary policy of the Government of India. But even conceding that agriculturists all the world over are also suffering, that is no argument for refusing relief to the Indian farmer whose poverty and lack of staying power are too well known to need any emphasis.

There is therefore no denying the acute distress in which the Indian agriculturist finds himself to-day for no fault of his own and owing to forces over which he has practically no control. It is consequently imperative to devise and adopt adequate measures of relief. But it is regrettable that the Government of India except in the case of wheat and one or two minor items, probably cotton seeds and groundnuts and one or two other small items, have remained apathetic and indifferent towards the entire question of relief to agricultural interests. When the question of industrial advancement is under consideration and we demand protective measures, we are told by the Government and by our friends in the British commercial community that India is a

predominantly agricultural country and must concentrate on agricultural development. If we start any industrial enterprise which happens to conflict with alien vested interests, those interests raise the cry of "back to the land" and ask us to develop only our agricultural resources. But here we are in a position where even our agricultural industry is being hard hit by foreign competition and world depression and the Government do not see their way to safeguard the agricultural interests. We have all these years been asked to produce food grains and raw materials and rely on other nations and particularly England for the supply of finished products and manufactured goods. But if even our agriculture is to be ruined, we shall have nothing to fall back on and even Mr. Churchill and Lord Rothermere will not be able to sell goods to a resourceless India, from Lancashire or Birmingham. I know the Government will point to the Agricultural Commission and the Agricultural Research Council as evidence of their goodwill towards agricultural interests. But the establishment of the Research Council is even a more tardy and inadequate step for the development of agriculture than is the establishment of "Dufferin" as a step for promoting an Indian Mercantile Marine. It is therefore all the more necessary for the Government to take immediate measures of relief when agriculture is in the grip of a grave and abnormal depression.

The resolution before you suggests several methods of affording relief to the agricultural interests. I do not wish to deal here to-day with the question of revising the land revenue policy of the Government, because land revenue is a provincial subject and it is more appropriate to tackle it in the different provinces according to their peculiar conditions. As regards the method of prohibiting all such agricultural produce as is grown in the country, the principle has only recently been accepted by the Government of India in the case of wheat. If I had the powers of persuasion and pressure which were so successful in inducing the Government to adopt the reduction of railway rates on wheat and impose an import duty on wheat, I would utilise them in the case of other commodities and other provinces. The forces working in this instance were so persuasive and powerful that they were able to alter the whole view-point of the Government of India, the arguments and perhaps even the figures of the Central Government, so that what would have otherwise appeared to the Government a revolutionary measure introducing a new principle appeared a plain businesslike proposition and the menace of a deficit disappeared in the air. I wish

however the Government were similarly accommodating in other respects also and trust they will see their way to adopt a similar policy whenever necessary in order to protect agricultural interests.

The most important method of relief suggested in the resolution is by reduction in railway rates of freights. The railway rates are generally the same to-day as they were fifteen months back and with the enormous slump in prices their incidence on the present cost of agricultural produce is very heavy. I need not point out that railway rates constitute a kind of tax on the commodities transported and it is not equitable that such low-priced agricultural produce as rice, wheat, grains, etc., which are in most cases necessities of life should bear such a heavy burden. It is therefore necessary to reduce the railway freights on agricultural produce in order to give relief to the agriculturists who form the vast majority of the population of this country. The reduction to be effected, if it is to be useful, should not be small but must be really substantial, say about 45 to 50 per cent. on almost all agricultural produce in the country. This might appear drastic but as the fall in relative prices is nearly equivalent to the reduction I have suggested and in order to be really effective so as to cope with this fall, the reductions should also be large. Moreover, the Government have themselves accepted the principle by reducing the freight rate on wheat by 50 per cent. Besides, the entire benefit of such reduction will pass on to the cultivator who will gain not only on produce directly exported but on the entire produce since export prices determine the internal prices of the commodities. According to the figures of 1928-29,—later figures have not been available to me from Railway Administration Reports,—this reduction of about 50 per cent would amount approximately to between 10½ crores and 11 crores of rupees but the total saving to the agricultural community would be many times more. In calculating the probable reduction, however, I have not taken into account the likely increase in traffic due to reduction in rates which is a recognised maxim of the economics of transport and has been more than once proved in practice. I feel certain that the reduction in rates will stimulate traffic and the actual deficit of the Government might turn out to be somewhat less than anticipated. As the distress is very acute and widespread, I would suggest that the proposed reduction should be effected at the latest by next August or September, when the agriculturist begins to think of moving or selling his crops, also because there might be some

technical difficulties as regards giving notice to the various interests concerned including the Company-managed Railways or other technical difficulties.

I do not deny that there might be some practical difficulties in working out a general policy of reduction in freight rates. But I do not for a moment consider that such difficulties are insuperable, once the Government decide to adopt such a programme of relief. If they agree to the fundamental principle, the details regarding the actual working out of the policy could be settled in consultation with the Indian commercial community. It might be asked how the deficit so caused is intended to be met? I think the proper time to put that question will be when the Government express their desire that they are prepared to afford this relief by this particular method. Then, I presume, the Federation will be very glad to sit togther with the Government and go into the details as to how the deficit so caused in the railway undertaking can be met or substitutes found.

With these words, Gentlemen, I commend my Resolution for your unanimous acceptance.

The Chairman: Gentlemen, before I call upon Mr. Sarker to second the Resolution, may I suggest that, as we have got three Resolutions to-day to dispose off and have got about 15 speakers, I would suggest with your approval that the Mover should not take more than 12 minutes, the seconder not more than 7 or 8 minutes and the supporter not more than 5 minutes. If this was done, I think we will be able to dispose off our work within the specified time. May I inquire if that suggestion meets with your approval?

The House agreed to the suggestion.

Mr. Nalini Ranjan Sarker (Bengal National Chamber of Commerce): Sir, I rise to second the Resolution which has been so ably moved by our esteemed friend, Mr. Walchand Hirachand. I do not think I should take much of your time by entering into the minutest details regarding the incidence of the present acute depression brought about by the severe fall in the prices of agricultural products. I should rather content myself by attempting to draw your attention to some salient facts, which will enable you to form a fairly accurate idea of the crisis in India in comparison with other countries. The extent of unemployment

in the industrial countries of Europe and America is often referred to as a proof that the economic situation in India is in a sense better than in other countries. But such a comparison, though it may be correct with reference to a particular aspect of the problem, cannot be applicable to Indian conditions. In agricultural countries like India the question of industrial unemployment is comparatively less important and does not constitute a true index to the intensity of the economic crisis but the situation is nevertheless extremely grave owing to the heavy decline in the purchasing power of the bulk of the people who are dependent on agriculture. It may be true that the present depression has affected almost all the countries of the world but it has particularly hit hard those countries which depend mostly on agricultural produce. When we remember that more than 72 per cent of our population are supported by agriculture and we also take into account the fact that the normal value of the export of our agricultural products exceeds 60 per cent of the value of our total export trade, the gravity of the situation becomes palpable. I may draw your attention for this purpose to the comparative price indices of various countries to show that the prices in India have declined more heavily than elsewhere in recent years. Between September 1929 and October 1930, the Calcutta Wholesale Price Index had fallen by 25 per cent. as compared with a decline of 17 per cent in the United Kingdom, 15 per cent in the U.S.A., 16 per cent in Canada and 20½ per cent in Australia. The percentage of the decline of prices in India will be found to be higher still if the index number be taken separately on the basis of exported and imported articles of this country. It will be observed from such separate estimates that the fall in prices of exported articles in December 1930 as compared with September 1929 was so high as 36 per cent against a decline of 16 per cent in the prices of imported articles. The comparison of these two separate index numbers will enable you to obtain an idea about the effect of the slump on Indian agricultural interests. It will be seen that while on the one hand the prices of agricultural products, which constitute the bulk of Indian exports, have seriously declined, far in excess of other countries, the agriculturists in India have suffered doubly on account of the comparatively higher prices of articles imported in this country to be consumed by the mass of cultivators. In fact, the net result of the price changes in recent years has been an alarming shrinkage of the purchasing power of the cultivators. This is amply borne out by a scrutiny of the price fluctuations of staple commodities like wheat, oilseeds, cotton and jute recording a decline of

47, 43, 53, and 50 per cent., respectively between September 1929 and March 1930, against a 36 per cent computed on the prices of all kinds of exported articles taken together. The index of prices alone, recording as they do an alarming fall of the purchasing power of the agriculturists, probably does not sufficiently reveal the woes and miseries of the hapless cultivators. For that I may refer to the depressed condition of the jute trade in Bengal to give you some idea of the terrible consequences of the present slump. I presume you are aware that this single crop in the province constitutes the strongest economic support of the Bengal peasantry who rely on the annual sale proceeds of the particular crop to meet their revenue demands, their daily expenses as also the payment of the interest charges on their accumulated debt. It may even be true to say that this particular crop alone as determining the economic condition of the cultivators, affects indirectly the economic life of even the bulk of the non-agricultural population of the province including those belonging to the commercial community and learned professions like law and medicine.

Even if it be conceded that the present economic plight in India has been to a large extent caused by world depression, it must be emphasised that this distress is also due to some factors of an absolutely local character, namely the disorganised condition of the cultivators in India, and the apathy of the Government towards the interests of the agriculturists. While in other countries, particularly in the U. S. A., Canada and Brazil, the Governments have adopted special measures to mitigate the effects of the slump, the Government in this country have persistently maintained an attitude of hesitancy and a policy of indecision regarding the course of action they should follow to find a solution of the problem facing them. They have even sought to justify their inaction on the ground that the measures adopted in other countries and particularly the schemes of restriction were not crowned with success and that similar experiments in this country might prove disastrous. Whatever may be the case with other commodities, I am confident that the adoption of a scheme of restriction at least in the case of jute might have justified itself on account of some special considerations. The monopoly condition of the supply of jute, the comparative inelasticity of demand, the short range of variations in the yield per acre and the variability of the acreage under jute for growing alternate crops, constitute a unique combination of the conditions which are essential for the success of a restriction scheme. I have elaborately

dwelt on these points on several occasions and I need not repeat them here. The Honourable the Finance Member of the Government of India is in possession of all facts relating thereto. But the appeals made on this score to the Central as well as the Provincial Governments for initiating a scheme of restriction with necessary financial help, enabling the cultivators to hold on their stock of jute, have so far gone unheeded.

In the absence of any Government support the producers were far too disorganised and helpless to be able to protect themselves by exercising any control over supply. The impecunious condition of the cultivators, their heavy demand for cash to meet their sundry demands as well as the lack of any financial facilities made it impossible for them to strike a good bargain with the organised groups of buyers consisting of the formidable and resourceful mills and shippers. Naturally the market was extremely demoralised and the fibre at some of the primary markets was sold at even less than half the cost of production.

To protect the cultivators from this woeful condition I proposed, as a permanent measure, the constitution of a body on the model of the Institute of the Permanent Defence of Coffee in Brazil providing facilities for marketing, warehousing, financing and movement of crops from the producing centres to the ports. Such facilities by enabling the cultivators to hold on their crop might prevent the heavy stocks of bumper years from unduly depressing prices. The Government have since proposed to set up a Central Jute Committee but they have sought only to vest it with certain innocuous functions connected primarily with research and dissemination of statistical intelligence.

Such half-hearted response to our insistent demands unmistakably points to the lack of a national economic policy. An attitude actuated by such a policy should, I feel sure, result in quick and effective measures. I have often thought that the periodical troubles like the present depression affecting in varying degrees the interests of various agricultural commodities even though they are sometimes the result of causes beyond the control of the Government, could nevertheless be mitigated to some extent at least, if the actions of the Government were always guided by what might be called 'National Economic Policy.' The demands embodied in the Resolution put before you are in consonance with such a policy which is absolutely necessary to save our agricultural interests at this critical moment.

With these observations, I accord my support to the Resolution.

The Chairman: Before I call upon Mr. Ramdas Pantulu to speak on this Resolution, I wish to say a few words about the various amendments which I have received on the Resolutions. I personally think that ordinarily no amendments should be moved at the eleventh hour. Before the Resolutions were put into the final shape, they were circulated to all the Member bodies and suggestions on these Resolutions were invited and after we received suggestions, the Committee again finally revised all the Resolutions in the light of those suggestions. I think that after sifting these Resolutions in such a manner, it would not be fair to this Federation at this eleventh hour that more amendments should be suggested. Therefore I would ask those gentlemen who have sent in notices of various amendments not to insist on their being moved. There is also another objection to these amendments. Some of these Resolutions are meant for the Government and the Honourable Members of the Government are expected to give their reply to the Resolutions which are sent to them long before we start discussion here. In fact some of Resolutions have to be sent long before the date of the session of the Federation and if we spring on the Government Members suddenly new amendments for which they are not ready, naturally they will object. It would not be fair to them that we should spring any new amendments at this stage and I hope the House will help me in seeing that no new amendments are insisted upon at this stage.

Mr. Sodhbans (Indian Chamber of Commerce, Lahore): Mr. Chairman, the amendment of which I have given notice is a very small amendment. Moreover the Resolution which was originally circulated to the Members was different from the one which has just now been placed before the House. The Resolution, in a quite different form, was circulated to us and the Resolution now placed in our hands is absolutely different. Therefore, I feel that I am justified in moving this amendment.

The Chairman: May I inform the Honourable Member that before the Resolutions were put in their final shape, they were sent to his constituency and we got no suggestions of the kind which Mr. Sodhbans is now suggesting. I do not think it is fair to other Members that you should on your own responsibility, without consulting other members of your constituency, suggest this amendment. It has not been suggested by your constituency,

Besides, the Resolution that we are now discussing relates to agricultural products, but you want to add after the word 'agriculture,' the words 'manufactured or otherwise.'

Mr. Sodhbans: May I speak only a few words on this amendment. After speaking, I will withdraw the amendment. As far as the Punjab is concerned, my amendment is absolutely necessary, and therefore I suggest that the words I have mentioned should be put in.

The Chairman: I am afraid I cannot accept this amendment because that alters the whole sense of the Resolution. We are discussing agricultural products, but you want to add after 'agricultural products,' the words 'manufactured or otherwise.' That alters the whole sense of the Resolution. We are discussing about agricultural products and not about manufactured products. So I hope Mr. Sodhbans will not insist on his amendment. In any case, I am not prepared to accept this amendment.

Mr. Sidhwa: I rise to a point of order. You, Mr. Chairman, have given a particular decision on a matter of grave importance. You have barred this amendment. I should like to know whether you intend barring all other amendments on other Resolutions as well. As far as I understand, it is the prerogative of every Member of the Federation to submit any amendments he likes when he has to vote on the Resolutions that are placed before us for consideration. If you shut out all amendments, I feel that you will be creating a very bad precedent.

The Chairman: I will have to consider every amendment on its own merits. I am not prepared to say whether I will accept any amendment or not in future. I will have to consider every amendment on its own merits before I allow it. But generally, I should not like to accept any new amendment.

Mr. Sidhwa: May I ask you, Mr. Chairman, under what rule of the Constitution you propose to shut out amendments. As far as the ordinary constitution of the Federation goes, I understand that any amendment is allowed to the Resolution that comes before the Federation for its consideration. It is up to this House to accept the amendment or to reject it. But you now rule that you would not like to accept any amendment. I should like to know under what rule you are thus absolutely shutting out all amendments.

The Chairman: I may assure you, Mr. Sidhwa that every amendment will be considered on its own merits. But when all

amendment is put forward, just as the present one, which is absolutely against the sense of the Resolution itself, then certainly I would not accept it. Then, there might be other considerations for ruling out an amendment. If you want to help the Chair, you must be content to accept the ruling that the Chair has given that no amendments should be accepted. Otherwise it would be impossible for the House to carry on all the business which is set down in the agenda. We have to finish our business in three days. We had nearly 80 Resolutions and out of them we have sifted eight Resolutions. If larger number of amendments are moved to any of these Resolutions, then I am afraid, we will have to continue our session like the Legislative Assembly, may be till the end of June or July. I do not think any of you would like such a prospect. I think let us proceed with our work.

Mr. V. Ramdas Pantulu (Southern India Chamber of Commerce): Mr. President, and Brother Delegates, in the short time that is allowed to me, I shall confine my remarks entirely to clause (c) of the Resolution which runs as follows:

> **"The Federation further urges upon the Government of India the necessity of revising the Land Revenue Policy with a view to afford adequate relief to agriculturists in case of such unprecedented slump in prices."**

The Mover of the Resolution has pointed out that land revenue is now a provincial subject, though not a transferred subject and that it rested with the provinces to take action. But in doing so, I am afraid he lost sight of a very important factor, namely the place which the Government of India takes in shaping land revenue policy of India as a whole. The members of this House are aware that land revenue is the only tax which is levied by the executive in this country without the sanction of the legislature, and it is most unprecedented in a system of taxation. This grave defect in the Indian land revenue system was prominently brought out by the Joint Parliamentary Committee more than a decade ago and that Committee recommended to the Government of India and to the Provincial Governments to place the Land Revenue system on a legislative basis in this country. Though 12 years have elapsed since that recommendation was made only two or three Provinces have passed legislation dealing with land revenue. From my Province, I understand two Bills were sent and the Government of India did not see their way to give their sanction to the introduction of either of those two Bills in the Provincial legislatures. Therefore a very heavy and grave responsibility rests on the shoulders of the Government of India in this matter

and I feel that the framers of the Resolution have worded it correctly in asking the Government of India to revise their land revenue policy. Therefore, it is more the centre that is responsible, I understand, than the Provinces for the perpetuation of the chaos in the land revenue system of this country. 53 per cent of land in this country is held directly under the Government under the raiyatwari settlement and about 47 per cent is held under the landholders. Therefore Government is the biggest landholder in this country and it levies its land revenue as a rack-renting landlord does, having an eye on the enhancement of his rent at each settlement. For a long time we were assured that the Settlement Officers who conduct these operations were actuated entirely by motives operating in the interests of the poor agriculturists of this country for whom the Government of India always profess the greatest love, and we were told that any non-official criticism of it was entirely ill-informed, baseless and utterly unworthy even of consideration. But in more than one province it has now been demonstrated to the hilt that the settlement officers, however sound their hearts may be, are not infallible men. At the time of the Bardoli no-tax campaign the people were assured that the taxes were absolutely justifiable, that the economic position of the cultivator was so good that he could bear the burden, and that the agitation was due to misguided political fanatics. But an impartial committee set up by the Government of Bombay itself showed that these allegations were not true, and the report of that committee which is now available shows that the settlement officer is not an infallible person and that the Government's data regarding the economic position of the ryot and his capacity to bear the burden are not the last words on the subject. In my own province the two important deltaic districts which give the largest revenue to the Madras Government, the two Godavaris and the Kistna districts were under resettlement recently, and in what is called the Scheme Report of the Settlement Officer it was shown what enhancement the people can bear. An economic survey of the districts was made, and the indebtedness and other conditions of the ryots were ascertained by the Settlement Officers in that connection. Their data were challenged very emphatically and vehemently by people who knew the conditions of the districts; the representatives of the districts in the Local Legislature brought up the subject before the Council. The Government set up a non-official committee to go into it; it was presided over by an ex-Minister and a distinguished Engineer and a Government pensioner, Diwan Bahadur Arogyaswami Mudaliar. He with six colleagues of his in the Council made an exhaustive

inquiry and disproved many facts which the Scheme Report contained. That is before the Legislative Council now and I suppose it will come up very soon for examination. The times are now gone by when the reports of settlement officers were considered to be sacrosanct and the last words on the capacity of the people to bear enhanced taxation. Therefore I think this executive action of levying at each settlement what the Government likes from the people must cease, and the Government of India must bear its full responsibility for having held up legislative schemes to regulate levy of land revenue for a decade, which the Joint Parliamentary Committee very strongly recommended for immediate action by Government.

There are just one or two other matters to which I would like to refer before I sit down. The method of levying the land revenue in this country is very inelastic and it takes no note of the vicissitudes of the seasons or the agriculturists' distress. No doubt in some places some remissions are given on the recommendations of the local officers but there is nothing like a regular policy in this matter. In Madras, for instance, our chief money crops, ground-nut and cotton, are down by 50 per cent in prices and rice and tobacco by 40 per cent, and therefore the agriculturist has nothing to pay the land revenue from. The cost of production is I think just as much as, if not a little more than, the price which these products now fetch, and therefore he has nothing left. I myself have gone to some localities to collect the dues of the Co-operative Central Banks. I was told, "Sir, we are prepared to give our produce to you; you ask your men to take the produce, store it and sell it when they like. We cannot pay any money." Co-operative Societies have taken cocoa-nuts in Godavari districts and ground-nuts in Anantapur district. They have stored and sold them and credited the price towards the loans. I am not asking Government now to revise its cash rent policy and take revenue in kind instead of in cash, but I am asking them to consider the great hardships of the agriculturists in being asked to pay land revenue which was assessed under conditions which were wholly different from those that prevail to-day. Any Government which has got the good of the agriculturists at heart ought to make some adjustment in these matters.

There is one other thing which the Government can do. It fixes its instalments in such a way as to oblige the agriculturists to dump their produce on the market all at the same time and thus there is a natural tendency to bring down the prices,

Therefore there must be, as the Punjab Banking Inquiry Committee has suggested, some elasticity in spreading over the instalments in such a way as not to compel the agriculturists to dump their produce all at once on the market. There are various other ways in which the Government can help the agriculturists if they wish to, and I hope a Resolution of this House will induce them to look into the matter more sympathetically than they have hitherto done.

There is just one other matter which I will deal with. With regard to the many facilities which Mr. Walchand Hirachand has rightly asked for, there are one or two which I would also mention. Very often it is said that the agricultural industry should be supplemented by some subsidiary industries and the agriculturist must be made to earn something more than what he can get from the land. But unless the present Government policy and the Railway policy are also changed, there is hardly any scope for agriculturists earning anything by subsidiary occupations. Take oil-milling for instance. I do not know how it is in other parts, but in my own province the freight for sending oil seeds like ground-nuts and castor seeds, etc., to ports like Calicut, Cuddalore and Madras and other places are much cheaper in order to encourage their export outside India than they are for movement in the interior. Therefore oil-milling is distinctly discouraged by differential freights which are more favourable to export than for internal consumption. Then you ask the agriculturist to improve his dairy industry. How can he do it when vegetable ghee and other hydrogenated oils and milk products which replace the dairy products of India are allowed to be imported into India almost without any restriction and with great facility? Therefore some of these things have got to be changed before the poor agriculturist is told that he is not enterprising enough and does not take up other occupations. It is physically impossible for him to do so; and I can assert it with some amount of knowledge because I am myself a humble worker in the villages. Most of the difficulties are due to the tariff policy of Government and the Railway and land revenue policies. I hope all these things will be attended to, and the British Government which may soon have to give place to an Indian Government will do something for the poor agriculturists before it quits. With these words I support the Resolution.

Mr. K. L. Gauba (Indian Chamber of Commerce, Lahore): Mr. President, we have had speeches in eloquent terms as regards various aspects of industrial life in this country. We have had in

eloquent terms an expression of the necessity of Government's looking into matters of shipping, currency, exchange and the constitution. The Resolution before the House now asks for a fair deal to agriculture and to those other matters which are associated with agriculture. We have heard a great deal regarding the trade depression in this country, and we ask ourselves what this state of depression is due to. It may be the result of a reflex of world conditions: it may be the result of abnormal conditions in this country: it may be the result of the movement that was started a year ago. It may be due on the other hand to the wrong economic policy of Government. Sir, we have yet to hear something about the question of currency and exchange which affects vitally the whole economic fabric. This will be discussed in detail to-morrow, but from the layman's point of view the difference between 1s. 4d. and 1s. 6d. makes a difference of 12½ per cent to the agriculturist who wants to export. Last year when wheat prices were slumping from March to June from Rs. 3-8 to Re. 1-8 what was the Commerce Department of the Government of India doing? They only thought of the railway freights, when their revenue did not come in as was expected. When the money that they had budgeted for did not come in, they adopted the frantic remedy of reducing the freight to Karachi. They were informed at that time or very soon after that by merely reducing the freight to Karachi and without considering other matters involved in the question, such as the flour mills and so on, it would rather complicate matters than improve them. This forecast came true. Prices went down instead of going up. Government then reduced the freight to Calcutta. Here again it was on wheat alone. They were informed that the flour mills would be ruined by these devices. When one approached the Punjab Government one was told that it was the Government of India. When one approached the Railway Board one was told that it was a matter for the individual Railway administrations. The Railway administrations referred to the Commerce Member; the Commerce Department said, as all Government departments are wont to say, that the matter would receive the best consideration. So the thing went round, I suppose; the various representations we made are still meandering round the various departments of the Government, eventually I suppose, to be lost in the seas of oblivion. Now, Sir, Government have imposed a duty on imported wheat. Six months ago when Government were told that this was the logical remedy for the situation we were told that it was unthinkable. Why? Because it would intrude upon the sacred domains of Imperial Preference. What has happened to Imperial Preference

now? It has gone by the board in favour of the spending departments. In a sense Imperial Preference still exercises its preferences.

Under the new duties Government have exempted the contracts made up to the 1st March but not up to date of the introduction of the duty. Who knows how many hundreds and thousands of tons of bogus contracts have been contracted for in the last fortnight? Is there any prospect of prices improving in the next six months? I am afraid for many months we shall not see an improvement in the price level. Sir, last year when various importers in this country brought in foreign gur to take the place of the ordinary gur, their contracts were not excluded. The gur I need hardly say did not come from one of His Majesty's dominions, otherwise it might have been favoured by Imperial Preference. But they have excluded these Australian contracts. Here again is the principle of helping Australia at the expense of the Indian agriculturist. The Indian agriculturist only comes in when it is a question of revenue. Sir, I will not say very much in the few minutes at my disposal but I say just this that the prosperity of this country depends on the prosperity of the agriculturists who form the majority of the people. Unless they are in a position to meet the cost of production of their articles and have money to spare, there is no getting over the trade depression in spite of all devices that you may adopt. The Resolution before the House is a mild expression of what the agriculturist wants and I hope that the Government of India will seriously consider these matters, and in seriously considering these matters they will also consider those other allied industries which have so important a bearing on the agricultural industry.

Mr. Ratilal M. Gandhi (Grain Merchants' Association and Seeds Traders' Association, Bombay): Mr. President and Gentlemen,—I rise to support the Resolution, the subject-matter of which has been very ably and exhaustively dealt with by Seth Walchand Hirachand as well as the other speakers and I have very little to add; but as I am on my legs I cannot resist the temptation of saying a few words on the question of agricultural distress. It is an acknowledged fact that the rapid and unprecedented fall in the prices of agricultural produce has had very serious repercussions on the economic life of the country and has brought to the fore grave issues, which demand our very serious and urgent consideration. In order that we may appreciate precisely the enormous extent of the fall in the level of prices of such raw commodities as cotton, jute, rice, wheat, grain and oil seeds, I think

we should better refer to the figures presented by Government in their review of certain main items of trade during the calendar year 1930, circulated along with the recent budget estimates, and as a reference has been made to the percentages by the Mover as well as by Mr. Sarker, I do not think I need quote the figures over again.

With regard to this question of agricultural distress you are aware that the Indian Central Cotton Committee has made out a case for cotton, that at the ruling price of cotton the cultivation of cotton is an uneconomic problem, and I may say that the same is the case with all the other kinds of produce. This state of affairs is very alarming and the situation is equally perplexing. In the face of all this it was the duty of the Government to take bold, efficient and effective measures as suggested in the resolution to mitigate the distress of the great mass of the population.

In the first place out of sheer justice, if not for rendering any help, the freight rates charged by our railways should have been considerably reduced. It is the underlying principle—as you know—of transport economics that the rates charged for the transport of commodities must bear a proper proportion to the value of the commodity. Though this principle has been acknowledged by those who are responsible for fixing the freight rates on our Railways, yet the comparative percentages of freight rates to the value of the commodities make very sorry reading, and give us a clue as to why in India not only the agriculturist but also the railways do not prosper. I may here quote the figures in respect of the percentage of freight on a few varieties of oil-seeds. For an ordinary distance and at ordinary prices, the percentage in the case of ground-nuts was 16 per cent before; now it is 31 per cent. Similarly in the case of linseed it was 8 per cent, now it is 18 per cent or more than double. In castor seeds, it was 14 per cent and now it is 20 per cent and so forth. The logical result of this state of affairs is that the agriculturist has to pay for railway rates a substantial portion of the price realised, which itself is not sufficient to meet the cost of production.

Gentlemen, I need not refer here to the important demands of the mercantile community for the reduction in railway freight charges. Any one who has followed the trend of replies given by the Government to the mercantile bodies, as also to the members of the legislature, will be struck with the immobility of the departments concerned. No doubt, the solitary exception in the case of

wheat is welcome for what it is worth. In this connection I would draw attention to the speech of the Railway Member in the Legislative Assembly at the time of introducing the Railway Budget. In paras 24, 25 and 26 Sir George Rainy has referred to this question. But the arguments that he advances carry no conviction. Unfortunately the powers that be are continuing to administer our transport system on the lines of individualist enterprises, which look only to the present gain and loss, regardless of the benefit to the general community.

With regard to the need for stopping effectively the imports of wheat and rice, I think I need not take much of your time. The Wheat Import Bill is passed, which levies a prohibitive duty, but the proviso to it nullifies the object aimed at. With regard to rice, a new danger seems ahead as Japanese rice has begun to be imported and we must realise before it is too late its danger and therefore serious consideration must be given to this problem from now.

With regard to the last portion of the resolution I may first refer to the announcement made by the acting Governor of the U. P. to the effect that the U. P. Government will revert back to the price level of 1916 and adjust land revenue demand in conformity with it. While welcoming this decision so far as it goes, I must observe that the question of the pitch of assessment and remission of land tax is not going to be completely solved by a mere variation in the price level. The question has to be judged from a far broader standard and unless the Government bid good-bye to some of their old pet theories of land-tax and antiquated systems of taxation, the peasantry of the country is not going to reap any advantage out of it in the long run. Justice demands remission of land revenue as an immediate relief; and the need for a permanent reduction in the land revenue in the changed economic conditions of the country is obvious. Let us therefore hope that the Government will give immediate effect to the recommendations of the resolution and thus give relief to the rural classes. With these words, Gentlemen, I support the resolution.

Mr. Behram N. Karanjia (Indian Merchants' Chamber, Bombay): Mr. President and Brother Delegates,—The Resolution which is assigned to me for being supported relates to agricultural produce, particularly the abnormal depression which is prevalent throughout the world in the prices of the same. This problem of low prices of agricultural produce is not now confined

to one country or two or three countries, but extends practically to all the countries in the world. The articles involved are: wheat, cotton, seeds, jute, etc.,—all the principal staple agricultural products. The Resolution proposes only one definite course of action, viz., reduction in railway freight, though it must be remembered that the problem itself of the abnormally low prices involves issues over and above this question of railway freight and concerns problems of currency also. The best minds in the different countries are at present devoted to a solution of this fundamental issue, viz., the abnormal depression in prices, and it is no wonder that the Federation also has taken up this question on its Agenda. Professor Gregory of the University of London, writing recently on the question of "Price level and the Rate of interest," observes that two entirely different methods of explanation are available regarding this problem: one group composed perhaps more largely of businessmen and financial journalists would ascribe the situation to overproduction, while the second group composed more largely of economists would explain the situation in terms primarily of monetary policy. With regard to the latter aspect, several economists are of opinion that the world shortage of gold accentuated by the policy followed by the United States of America and France has led to the fall in prices, while some, like Prof. Gregory, would ascribe it to the credit policy. It is argued that if the price level, particularly the level of wholesale prices, had been kept steady, the present difficulties would not have arisen, because the necessity for adjusting money wages to falling wholesale prices would not have arisen. The problem is also largely affected by the silver position in the world. All the countries, excepting only two or three, have now adopted a Gold Standard and have curtailed their use of silver even for subsidiary coins. The position of China and India, which are the principal silver using countries, has therefore gone extremely bad, and the economic crisis through which they have been passing is in no small measure due to the crash in silver which has fallen down from about 52d. per oz. to 13d. per oz. There is a special Resolution on Silver at this Session, but I should like to emphasise that we in India particularly cannot afford to ignore the importance of silver question. No one can suggest as to what should be done to restore the position of silver or to eliminate the economic evils which have arisen in the world as a consequence of the fall in the price of silver. It is the work not of individuals but of a Conference, and it is very desirable that the Government of India should move for such a Conference which can go into all these

questions regarding silver and, if need be, fix a ratio between gold and silver. The problem of low prices is further accentuated in India by the wrong policy pursued by Government with regard to the ratio of the Rupee to Gold, sales of silver and contraction of currency. The fall in prices therefore, in India may be ascribed to world causes and Indian causes. As a result of all these factors prices of agricultural products have crashed down, and it is our duty to see that our agriculturists are saved from the situation which has arisen. The peculiar economics which are favoured by the Powers-that-be and the non-Indian vested interests have always given an undue importance to the so-called interests of consumers. Whenever any question of protection of an industry or agriculture comes up, these interests of consumers are trotted forward as an excuse for protesting against such measures. As a matter of fact, it is the producers whose interests are to be counted the most and in a country like India where agriculturists number 70 to 80 per cent. of the population, it is but just and fair that their interests should count above all other questions and interests. Agriculturists have been the victims of a vicious circle. While on the one hand the prices of their commodities have fallen to an abnormally low level on account of the world causes accentuated by local conditions, on the other their purchasing power has suffered acutely because of these very causes. Over and above these causes, however, there are factors which have gone a long way in bringing our agriculturists to a state of economic poverty and ruin, and I may be allowed to summarise some of these as under:—

no new and improved methods of agriculture;
no Government aid;
no proper method of marketing;
no improved and scientific method of manuring;
no protection from wild birds, animals and insects; largely due to want of scientific propaganda and operations of the Arms Act;
no proper education suited to the sons of the soil;
no banking facilities;
heavy indebtedness; etc., etc.

When after years of passing through such conditions the agriculturists are suddenly confronted with the present low prices, they naturally succumb at once, having neither the stamina nor the staying power which can keep up the agriculturists in other countries which are passing through almost a similar situation. Suggestions were made to Government by the Indian Central

Cotton Committee and other bodies to take immediate measures for the relief of agriculturists; but on one excuse or another Government adopted merely a laissez faire policy and did not take initiative as was done in other countries. It must also be remembered that the present problem is not merely concerned with the factors I have already mentioned, but there are also sociological factors which need to be taken into account. The trend of the world's fashions is changing and also the world's necessities of life. It is said that in Europe people are taking less to cereals and taking more of wheat and butter, vegetables and eggs. Such changes cannot but affect the agriculturists in this country, as India is not now a unit by itself but is intimately connected with the rest of the world. Mr. Loveday, Head of the Economic Intelligence Service of the League of Nations, in a recent article of his styled "Quo vadimus," makes the following observations with regard to these changes: "The social changes which we have been considering have affected agriculture more adversely than they have affected industry. There has been a shift in relative demand from the major agricultural products of temperate zones—and a simultaneous mechanisation of agriculture in the most productive regions." A constant and vigilant attention has, therefore, to be devoted to all these questions so that the interests of agriculturists may not be sacrificed. One thing which the Federation at present considers essential for giving relief to the agriculturists is a reduction in the freight rates for agricultural products. Government reduced the freight rate for wheat from Lahore to Karachi and Lahore to Calcutta, and by the recent Wheat Bill imposed a prohibitive duty on the imports of wheat from foreign countries, specially Australia; but much more remains to be done. Freights from different agricultural districts to the ports as also between agricultural districts and main centres of consumption lead one to the conclusion that these rates are in some cases almost as big as the prices of the commodities themselves. No wonder then that the agriculturist finds himself in the unenviable position of being unable to sell his products unless it be at a rate which does not give him even the cost of production. The large amount of agrarian distress in the land and the campaign for the non-payment of taxes, which was started in some districts, were not due to merely political causes, but also to these low rates for agricultural products which left to the agriculturist practically nothing for all his labours and the labours of his family. This is not an unimportant question; it is rather a question of questions, and I should make a strong appeal not only to the commercial community but also to Government to

take it up in right earnest and view it from a comprehensive point of view. I hope I shall not be considered a pessimist if I say that the failure of Government and the people to solve this question will result in dire agrarian distress and consequently a strong agrarian discontent which will fan itself into a fire, even if there is a political settlement, unless steps are taken, and taken immediately, to cope with it. The farmers, who are the salt of the country, do not understand about the world shortage of gold and the credit policy. What they understand is rates which would give them enough for their labours and sufficient for their maintenance, and it behoves those who are interested in the steady progress of this country to see that any impediments in the way of these agriculturists getting their due are removed as soon as possible.

Mr. Kishen Prasad (Marwari Chamber of Commerce, Bombay), in further supporting the Resolution, said:—

Mr. President and Brother Delegates, I have great pleasure in supporting this Resolution. The first part of it deals with the acute depression in the prices of agricultural products. I will just give you one or two instances to show how this depression has affected the trading community. Last year in Northern India the price of wheat declined to Re. 1-8 or Re. 1-10 per Bengal Maund of 82 lbs. and the price of cotton seed went as low as 10 annas per Bengal maund of 82 lbs., and some factory owners were actually burning wheat as well as cotton seed in their boilers in place of wood as fuel. How acute has been the depression will be evident from this one instance. And what has been the state of the agriculturists who have been getting such low prices for their products? The Resolution which is put before you is worded in very mild terms. It suggests three remedies, but there is a fourth remedy, which is equally important, but which has not been mentioned by any of the previous speakers, and it is this, that in this Resolution no mention has been made of the Exchange ratio. Ever since the introduction of 1s. 6d. ratio, the prices of our agricultural products have gone down considerably, with the result that our agriculturists have been losing very heavily. Of course, I do not desire to deal with the exchange and currency policy on this question, because a separate Resolution dealing with the whole question has been framed, but all the same, I would merely mention that the exchange policy adopted by the Government has dealt a death blow to the agriculturists.

The three remedies suggested in the Resolution are (1) reduction of railway freight. Now, freights on wheat have been reduced

to a certain extent, but there is no reason why the railway freight on all other agricultural products should not be decreased, and why wheat alone should have been selected for purpose of reduction in freight. Since the war, the railway freight on cotton to Bombay has been increased from 100 to 150 per cent, and no decrease has taken place since the war is over. The fares on passenger traffic has also been considerably decreased since the war is over, but one cannot understand as to why the railway freight on agricultural products has not been decreased since then. Certainly the agriculturists want a substantial relief at this juncture, and I appeal to the Government to see that they make a substantial reduction in railway freights on all agricultural products and not merely on wheat.

Then the second remedy suggested in the Resolution is about the imposition of an import duty. This I say is only a temporary remedy, and I do not want to speak at great length on this aspect of the question.

Then there is also the third remedy which suggests that there should be a substantial reduction in the land revenue as a permanent measure. I think, Sir, that unless both the land revenue and railway freights on all agricultural products are substantially reduced, I do not think the agriculturists will find any relief by all these slipshod and temporary measures which have been suggested. With these words, Sir, I support the Resolution which is now placed before you.

The Chairman: Gentlemen, with your permission, may I request the Hon'ble Sir George Rainy to make a few observations?

The Hon'ble Sir George Rainy (Commerce Member to the Government of India), said:—

*Mr. President and Gentlemen, I should like to begin by thanking the Federation very cordially for the invitation they extended to me to be here to-day and to take part in your discussions. I should like further to thank the Committee of the Federation very specially for the special concession they made by agreeing to take up the three Resolutions in which I am interested this afternoon. I had to make that request because I am leaving Delhi to-morrow evening to go on leave, and as I daresay

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*Speech not corrected.

you know that sometimes there is accumulation of work at the end of the legislative session, and I have had to try and get through in these seven days between the end of the session and my departure, all work which might normally have been spread over three or four weeks. I am very grateful, therefore, to the Committee for agreeing to do what I asked.

I would also like to thank the President for what he said at the beginning of the proceedings, and if I had to wait a little before the beginning of these things, it was only a pleasure deferred.

Now, Mr. President, I wish to speak briefly, and as my Honourable colleague the Member for Education, Health and Lands is here, he naturally will deal with the subject of the land revenue policy, and I shall have nothing to say about that.

I should like to begin by referring to the brief list of agricultural products which, I think, occurs in the first clause of the Resolution. Now, one of the products mentioned is jute. As far as I can judge, whatever may be said about other products, a reduction in railway freight would be no cure for the troubles from which the jute cultivator is suffering at present. It is not only the fact that the great bulk of the jute reaches Calcutta not by railway but by country boats or by inland steamer, so that it is not the railway that sets the pace, but in addition to that, in the export markets of the world, jute is not exposed to competition from other countries as the other main staple crops are. The main trouble about jute at present is just this absence of demand. Although the price has been a great deal lower than it has been for a very long time past, still there is this absence of demand, and I am afraid that a reduction in railway freight, so far as jute is concerned, would really do practically nothing at all. I mention that just to get it out of the way.

There is another preliminary point I should like to touch upon, and that is the proposal that as we put a duty on wheat, we should also put a duty on rice or prohibit its importation. Now, I should like to explain why we felt justified in putting the duty on wheat. I mentioned it when I spoke in the Assembly on the subject, and the reason is this, that for the time being Indian wheat ceased to be exported and the price had got out of parity with the world level of prices. That made it possible by imposing the duty not immediately to raise prices, but to throw the market

open to Indian wheat, but I said when I was speaking in the Assembly that so long as a crop is being exported, so long as it is going freely abroad at the world level of prices, then an import duty is very nearly nugatory, because the mere fact that wheat is being freely exported almost necessarily implies that only small quantities can be imported, and so far that is the position to-day.

Then as regards rice, so far as I have seen the figures, the quantities that have been imported during the last twelve months are very small indeed and they form a very small percentage of the total, whereas the export trade from Burma is a very large proportion of the total production of the produce. In addition, I would like to remind the Federation that we have an export duty on rice at present, and I think every Member of the Government of India would agree that it was with great regret that they did not find it possible to propose a reduction in the rate of that duty this year. It was reduced by about a quarter last year, and we should have been very glad if it had been possible to make a further reduction this year, but I think every one would agree that there would be a certain anomaly if on the same commodity and at the same time you had an export duty and an import duty. I mention that as a point for consideration, because the case of rice is by no means on all fours with that of wheat.

Now, I come to the question of the reduction of railway freight, —and here I should like to be brief considering the very great moderation of all who have spoken and their demands upon time,— I come to the question of the reduction of railway freights and the other great agricultural products, and I think these for practical purposes may be narrowed down to (1) wheat and other food grains, (2) oil seeds and cotton which perhaps in some ways comes the third. Now, the first thing I want to say is this. My friend, Mr. Walchand Hirachand, said that if we reduced our rates by 50 per cent, then we might look to substantial increase in traffic which would to a large extent compensate us for the reduction. I want to say at once that where we can foresee that the reduction will be followed by a compensating increase in traffic, then purely as a commercial concern it is perfectly good business to do it. Our difficulty is this, that we do not see, and we have not been able to see in more than a few cases, that that result was likely to follow. When we reduced the freight on wheat to Karachi,—and I believe the reduction was very nearly 50 per cent,—we certainly hoped that it would lead to a re-opening of the export trade.

(A delegate): You reduced the freight on wheat very late.

Sir George Rainy: I would just like to point out to my friend that it was during the first six months of the years that wheat was moving out in quite substantial quantities, and in November we certainly hoped that the reduction in freight would make the difference. I believe it did make a difference in enabling the Indian wheat to find its way into the Bombay market, but unfortunately we were disappointed as regards the export trade, and I am afraid that with prices at their present level in India and in the world generally, any reduction of freight to Karachi could re-open the export trade to-day. If there was, then as I say, as a business proposition, it would be a perfectly sound thing for the railways to make the reduction.

Similarly, as regards oilseeds, as I tried to explain in the Assembly, on the best information that we could get, we were advised that a reduction in freight was not likely to be followed by any increased movement of traffic. We actually tried that in the case of cotton seed and the result of that experiment confirmed the view that was put before us. Although there was an increase of traffic for 5 or 6 weeks, the prices dropped again and the traffic fell off to its former level.

Now, when I spoke in the Assembly in introducing the Railway budget, I said, speaking specially of cotton, that we regretted that we could not see our way to make a reduction at once, but we did propose to consider the question again in about six months' time and to see whether some reduction which would really be helpful to the trade would not be possible. Meanwhile, we are considering whether we could not in the interval have an enquiry made to bring out, as far as we can, the intermediate charges which the Indian agricultural produce has to bear between the cultivator and its overseas market, and to compare these charges as far as we can get the information with the charges on produce in some other countries. That would be the main point of the enquiry; there are one or two subsidiary points which I will not weary the Federation with. What we contemplate is not a prolonged enquiry, but a short enquiry lasting about three months to get as much information as we can about that during the period. If we can put through this, we ought to be in a better position next August when we come to reconsider the question.

Finally, there is one aspect of the case on which I must touch before I sit down. That, of course, is firstly the financial position of the railways as it is to-day, and secondly the financial position

as it would if we were to make the wholesale reduction contemplated by the mover of this resolution. I think probably all present to-day are acquainted in general with the figures, and they know how serious the financial position is. We have to take that into account because if we reduce the freights in order to confer relief upon the agricultural population, we have to consider at whose expense that relief would be given. My Honourable friend the mover of the resolution I know has a scheme in his head which he put before us in the Railway Department 5 or 6 months ago, namely, that you might compensate for a reduction in the freight on raw produce by an increase in the freight on manufactured articles. We examined that, but we did not find it practicable, the main reason being this, that when the railways are dependent on the agriculturist for a large proportion of the traffic not only in respect of what he produces but also in respect of what he purchases, and when one of the main features of the present situation is the fall in the purchasing power of the cultivator, it is exceedingly doubtful whether, if you raise the freight on the articles that he purchases, you will not get, instead of an increased revenue, a smaller revenue owing to his inability to pay high prices resulting from the higher railway freight. I do believe when exploring that matter now there are particular cases in which that would not apply, in which by an increase in freights, without injustice to anybody, you can get a higher revenue. But, undoubtedly, there is the difficulty and there is the danger to which I have alluded.

Finally, Mr. President, before I sit down, I should like to say this, that I agree with every one who has spoken as to the gravity of the crisis with which we are faced and with the extreme importance of doing all we can for the relief of the cultivator in the extremely difficult and anxious position in which the present economic crisis has placed him. (Loud Cheers).

The Hon'ble Mian Sir Fazl-i-Husain (Member for Education, Health and Lands): Mr. President and Gentlemen, this is my first visit to the Federation, and I trust I may be allowed to express my gratification at having had this opportunity of attending the meeting and hearing the debate to which we have just listened. When I say that I have felt gratified, I have said so not in the usual customary manner of beginning a speech. As a matter of fact, I have been agreeably surprised and gratified inasmuch as the subject under discussion is one which has always attracted me. Like many a young man, after leaving my college, I felt very

much attracted to what in those days were called socialistic views. Although those socialistic tendencies were more or less kept under check by the legal training that I had received along with them, and further kept under check by my adopting the profession of law which kept me fairly busy, still whenever I was free, my fancy did roam in that direction. Later on, when I got an opportunity to give up my profession, I felt certain opportunities were opened to me to see what could be done in the matter of uplifting the rural people educationally and economically. I have spent some years in that direction, and in the beginning of my career a great deal of criticism was levelled at my views or policies inasmuch as it was considered that I was devoting too much thought to class interests rather than to general interests, the rural people being considered as a class as distinct from other classes. Those were the days of high prices, gentlemen, and the agricultural people, the rural people were very well off. All of us were well off, and nobody really felt called upon to sympathise with them or to think that they really deserved any sympathy or any help.

During the last two or three years, things have changed a great deal, and after the five or six years of good fortune in the rural areas, the present adversity is being felt by them all the more. Although during the first two years the other classes did not realise that the agricultural classes were very badly off, now their adversity has disseminated, probably the more correct word would be, has worked itself up to the people who are well off, and they are now realising that the adversity of the agriculturist must be the adversity of the country as well.

Expressions of opinions in this hall this afternoon by eminent commercial and industrial people have brought the agricultural and other classes closer together, (hear, hear), and if this adversity has brought about that effect, then I must say, that it has, at all events, done some good.

Now, coming to the resolution which has been discussed, so far as I am concerned, I should like to divide it into two parts, one, the matter of principle, and the second, to what extent the Governments responsible for revenue administration have tried to help the agricultural people. The first part deals with the question of principle, with which my Honourable friend Mr. Ramadas Pantulu has dealt. I am sure the Federation will be glad to know that the legislation he referred to, that is to say placing the revision of assessment and determining the pitch of assessment on the statute book and taking it away from the executive

has been accomplished in more than one province. The first Act in that direction was passed by the Punjab Legislative Council, and the second by the United Provinces Legislative Council, and the third, I believe by the Central Provinces Legislative Council. And so far as the North-West Frontier Province is concerned, the principles of the Punjab Act have been practically applied to it. The Federation will no doubt realise that Bengal and Bihar do not want such legislation. They do not stand in need of it. We are left with Madras and Bombay. Madras was the first one to come into the field with such a legislation, but those who come first in the field are not necessarily those who leave the field first. (Laughter). Madras wanted really to take too big a bite at once. It wanted the Legislative Council not only to determine what should be the proportional advance over the past assessment, and what should be the share of the produce which should be land revenue as against the share of the producer and the landlord, but it wanted to determine at the same time what should be the commutation prices.

Mr. V. Ramadas Pantulu: That is the real thing.

The Hon'ble Mian Sir Fazl-i-Husain: That is perfectly true. But, if you, Sir, had not been a little tactfully strong in keeping the debate to the resolution this afternoon, the House would have found it pretty difficult really to vote on the resolution with half a dozen amendments trying to achieve all sorts of objects. Now, those of you who have been members of Legislatures, whether Central or Provincial, realise whether in a House of 150 or more,—and in the future it will be more like 500—it is practicable politics to determine the commutation prices through a legislature. My task in convincing you that it is not so simple to arrive at a judicious finding with reference to the commutation prices in a legislature on which probably there are a large number of people personally interested in what the commutation price should be, is rendered easy by the fact that here we have not the mere zemindars, but real businessmen who know what business is. Now, it is not fair to them; it is putting too much temptation in their way. As against that what has been done in the Punjab and in the U. P. is that commutation prices were fixed by the Settlement Officer and yet his fixing will be subject to an appeal to the Commissioner, the Financial Commissioner and eventually the Revenue Member will have a say and the Revenue Member of the future is bound to be responsible to the legislature and therefore the legislature obtains a control over the policy though not actually on the amount of commutation prices fixed for various kinds of agricultural produce. Probably

Madras, as it was first in the field and had not worked out all the ins and outs of these things, wanted to have too much. Still it is not too late and I have no doubt that within the near future it will be possible for some enterprising member of the Madras Legislative Council to move in the matter and take away from the executive as much power as the legislature should be invested with and then Madras will be coming into line with the other provinces. Bombay, I understand, has already got a Bill of its own and if it were not for Bombay's more pressing preoccupation I have no doubt the legislature would have found time to proceed with this Bill. Let us hope that it will do so in the course of this year. Therefore, Sir, it would appear that in the larger part of India this new legislation has been passed and that it is only in Madras and in Bombay that it still remains to be passed.

Then I come to the next point. Agriculturists admittedly are very badly off. It is true that in some provinces legislation has been passed but what has been done in order to help the poor agriculturist during the last two years or so? In many places the trouble has been not only that there has been unprecedented fall in prices but some crops also have been ruined. Frankly, Sir, it is not a matter with which the Govrnment of India can deal by itself and whatever has been done, as I will presently show, credit for it lies entirely with the Local Governments who did it on their own. Whatever they did, they did on their own and not because of any suggestion or command from headquarters. For if it is necessary for us to do one thing that I consider is absolutely necessary for us to do in the Government of India, it is to let the idea of provincial autonomy develop not only in theory but also in practice. So far as various provinces are concerned I have no doubt that the House would like me first to tell them what has happened in Delhi itself, the province in which they are holding their meeting. The total revenue of Delhi is about 3½ lakhs. As much as 17 per cent of it has been suspended and as much as 20 per cent of it which was in arrears has been remitted. As regards cotton crop, as much as 25 per cent reduction has been given both in land revenue and in water rates. Passing on from Delhi to the Punjab, I have no doubt members will remember that the Punjab Government a few months ago went thoroughly into the matter and gave remissions in those areas where recently reassessment had been held, because in recent reassessments commutation prices were assumed which were high and as the present prices fell below this, Government felt that they ought to come to the help of the revenue payer by reducing

the Government demand. The Government demand was reduced to the extent of 27 lakhs of rupees. The same has been done in the case of the Frontier Province where only recently orders have been passed that Government demand to the extent of 4 lakhs, I think it was, be reduced. In C. P. the Local Government has taken strong action in the matter and in some cases have gone beyond the Punjab and the Frontier Province Governments. In the U. P., as has been said by one speaker, the same principle has been again observed. Where the commutation price assumed was such that it was in excess of the prices that are prevailing at present, they have invariably fixed upon a certain figure which would make the demand equitable. In Madras they have appointed two committees to go into the whole matter to find out whether as a matter of fact any particular help is needed or not and if it is needed they have decided to give it. The Bombay Government have also gone very carefully into the matter and given large remissions and suspensions. I have given this information to assure the House that Local Governments are at one with the sentiments expressed by those who have spoken in support of the resolution. They perfectly well realise that the prosperity of the country side is of the utmost necessity to the whole country—the commercial classes, the trading classes and not less to the Government and I can assure the House that Local Governments are not unmindful of this matter in any way. They are keeping a very very close watch indeed on the progress of events and whenever it is possible with the resources at their disposal to intervene, the House may rest assured that they will take the earliest possible opportunity of intervening and doing all that they can.

Mr. Walchand Hirachand (Maharashtra Chamber of Commerce, Bombay):—I will try to reply to one or two points raised by Sir George Rainy in the course of his speech and be as brief as possible. I am glad to hear that the Government of India are alive to the seriousness of the situation and are trying to do what they can. One question that he raised was about the increase in traffic due to reduction in freights. As a rule, we have found that happening in the case of passenger rates, whenever they were reduced. For estimate purposes I had taken the maximum figure one could take, without allowing for any such increase in the movement of traffic owing to reductions and that is where the figure of 10½ to 11 crores was mentioned. I did not take cognisance of the present depression. I took the 1928-29 figures of the Railway Board.

I now come to the second point. If this deficit had to be met, at whose cost it should be met. It has been said that the railways are a commercial organisation and should be managed on a commercial basis, although questions have been recently asked as to why railways should not be run for the benefit of the community as a public utility service. Even allowing for the fact that we are committed under the Resolution of the Assembly to run them as a commercial organisation, there are one or two remedies which have been suggested, namely, real and honest retrenchment in the administration and operating expenses and also a reclassification of the goods schedules which might bring in additional revenue. Personally I think this can safely be made good by an increase equivalent to what will be lost by the reduction on the agricultural produce. By that I mean that the 10½ or 11 crores can be made good by increasing the freights on almost all imported commodities. The gentlemen who use foreign goods from Paris, such as silk hats, ties, cigarettes, etc., will continue to buy them even if they are costlier. I am not referring to any Honourable Members here but some of my friends in Bombay insist on using these Paris goods. The incidence of increase on the imported commodities will be only about 8½ or 9 per cent at the most. Even if the value of the imported commodities is taken at 125 crores, a duty of 8½ per cent should not affect a class which is rich enough to afford to buy these goods many of which can be called luxuries and they have had a saving of about 15 to 20 per cent owing to the general fall in prices during the last 18 months. Therefore the burden will not be felt. The railways will not feel it because I am basing my estimates on a very much decreased movement of such imported articles. I do however admit that there are various difficulties in bringing this into operation and if the Honourable Member wants to do something to relieve the agricultural distress, I presume the House will be pleased to appoint a committee of their own to go into these details and face these difficulties, so that this deficit can be met by the process which I have suggested. That is all I have to say.

The Chairman:—Now, Gentlemen, with your permission, I shall put Resolution No. 3 to the vote. I do not think I need read it. It is on the agenda paper.

The Resolution was carried unanimously.

Chairman:—Before the other Resolution is moved, I should like on your behalf to express a hearty vote of thanks to Sir

Fazl-i-Hussain for his kindly attending this meeting and giving us the benefit of his observations.

The Hon'ble Sir Fazl-i-Hussain left the House at this stage.

The Chairman:—Now, Gentlemen, we have to attend a party at 5-30 p.m. We have already taken two hours to finish this one Resolution. If you want to take Resolution No. 4 and finish it by quarter past five, then we can take it up. You ought to bear in mind that we have got six speakers and then Sir George Rainy has to make his observations and then probably my friend may like to reply; if, again, the debate is cut, then probably the thread of the discussion will be lost, but I am entirely in your hands. (Voices: Finish it to-day). How can you finish it to-day? If you undertake to finish it, I shall be only too pleased but in that case I will not be able to give the speakers more than two minutes and the mover more than five minutes. Shall we then take resolution No. 4 or resolution No. 5? (Voices: Take resolution No. 5). Very well, then we shall take resolution No. 5. I call upon Mr. Ramachandra Aiyar to move the Resolution standing in his name.

Mr. K. S. Ramachandra Aiyar (Indian Insurance Companies' Association, Bombay):—Mr. President and Gentlemen, the resolution that stands in my name is as follows:

"The Federation regrets the absence of any effort on the part of the Government of India to introduce insurance legislation on the lines of the recommendations made by the Federation at its last annual session and emphasises upon the Government of India the necessity of undertaking such legislation at an early date."

Gentlemen, in commending this resolution to your acceptance I do not think that any long speech is required from me at all, because a very good case about this resolution was made by my distinguished chief, Mr. Lalji Naranji, and all facts and figures in support of that resolution were brought forward by him so thoroughly and so convincingly that the Hon'ble the Commerce Member who was present at the meeting of the Federation last year made the following comment on that speech:

"I should like to thank both the mover and the member who seconded the resolution for the fulness with which they have dealt with it and, if I may say so, for the clear and lucid manner in which they have explained the reasons which have led them to bring the matter forward."

Well, gentlemen, if that splendid sentiment of the Hon'ble the Commerce Member were only acted upon during the last year, I am quite certain that we would not have had any occasion to come here to-day and repeat our request. Whatever it is, we all know that the machinery of the Government of India is always moving very slow. Sir, in contrast to the very slow manner in which the Government in India moves, I would point out the very quick manner in which the Government at Home moves on very important matters. All of you must, perhaps, have read that the Cunard Steamship Co., because of the fact that two German vessels, the Europa and the Bremen, took away the Blue Riband of the Atland from the Cunard, contemplated building two super-liners. Naturally, when such expensive boats are built, the first consideration is insurance. It was reported that these two boats would cost about £7 million—probably in Indian currency, ten crores of rupees—but the Cunard Company without first finding out whether the Companies or Lloyds could absorb the market, went straight to the Board of Trade and got Parliament to pass a Bill known as the Cunard Insurance Bill under which the British Government have agreed to under-write the entire insurances of the Cunarders, if the companies could not absorb such a large amount. Well, the Bill was passed, and the moment the companies knew of it there was a hue and cry raised by British insurance companies, that they were not consulted in this matter at all. The fact, however, remains that in a matter like this, where it was a question of the ship-building industry, although insurance companies were there in plenty, here is an instance of the British Government at Home coming forward to support the shipping industry actually in the form of their acting as insurance companies.

So far as we are concerned, we have been clamouring for legislation for years, at any rate from the year 1925, and yet, beyond the small amendment which was made in the year 1928, under which certain figures which had not been available were made available to the public,—and they are still imperfect—beyond that, I do not think that we have in any way improved

matters at all. In the meantime what is the position? Here we have under the Act of 1928 certain figures submitted to the Government. They are at any rate very interesting. From the figures published by the Government Actuary we find that as many as 245 insurance companies do business in this country, of which, according to him 97 are Indian insurance companies—in which perhaps a number of very small Provident Fund companies are included—72 companies are registered in the United Kingdom, 29 companies belong to the Dominions and colonies and 13 companies belong to America; 19 companies belong to the Continent of Europe, 10 are Japanese companies and 5 belong to Java. Well, gentlemen, you can see that for a country like India where even according to the Government themselves, the premium income is only 8¾ crores, you have in this country 245 insurance companies—very many of them powerful, aggressive and very well financed—coming here and practically competing here for this very small business. As a matter of fact, gentlemen, since Indian insurance companies came into the field, the position has been one of rate-cutting, and rate-cutting and nothing else. All of us know exactly how the Indian steamship companies were throttled because of the aggressive competition from non-Indian firms. The same rate-cutting, the same aggressive competition prevails in this insurance business also. As a matter of fact, if we take the rates prevailing in India from the year 1919 to date, it will be found that the rates have been brought down to a very low level between 50 and 75 per cent. That means that what these powerful companies in India have done is to cut the rates in such a manner that it will not pay the Indian insurance companies to carry on business at a profit. Perhaps for some time some of the foreign companies thought that it was a joke that there should be Indian insurance companies at all. Well they found later, that the Indian companies were getting a little bit restive and also a little bit strong; so they felt that the time had come when they should take some practical steps so that the future of Indian insurance companies might be jeopardised, and in the year 1927, the rates were cut down in Bombay to such an extent that the margin of profit became very narrow, and since then rate-cutting has been going on, in spite of tariff associations and so many other things.

The Government Actuary also gives certain very interesting figures about the various insurance companies. Of course, these figures are only for the year 1928, and we are still two years behind. The total income of all insurance companies, according

to him, comes to 8 crores 75 lakhs of rupees, out of which 6 crores and 25 lakhs belong to Life Insurance and the premia for general insurance business come to 335 lakhs, out of which the share of Indian Companies come to 41 lakhs. I say that Indian insurance companies themselves have been doing everything in their power to get a place for themselves in the economic life of this country, but the time has now come when, whatever efforts they may put in, they may not be able probably to hold their own ground as they would have been able to do two years ago, because of the fact that India is one of the countries in the world which is practically open for foreign companies to get a footing in. Some foreign company or other is entering India every year. In an address delivered by Mr. S. G. Marten, Foreign Manager of the Caledonian Insurance Co., of London, he had much to say on restricted fields for insurance business abroad. The following words are very interesting:

> **"The chief difficulty which faces the Companies is the contraction of territory free from legislative restrictions. In Russia and Costa Rica, insurance business was a State Monopoly, whilst in Poland, Chili and Uruguay, further admission of foreign insurance companies was excluded by law. Even in those fields where foreign companies were not entirely excluded, legislative restrictions were becoming more and more onerous. In practically every European country deposits had to be provided for the privilege of operating and in those territories where no deposits are required the consequent overcrowding of the market brought its own abuses and problems."**

Well, India unfortunately, has now become such a country where the overcrowding of foreign insurance companies has now become a serious menace, and the sooner the Government of India realise this fact and come to the rescue of the Indian insurance companies, not in the shape of granting them a subsidy, but by legislating according to what other foreign countries have done, the better will it be for the future of Indian insurance companies. Take the case of Steel; in the case of that industry, the country has been giving a subsidy; the Textile industry is protected, because it is a key industry. Now the Match industry is coming in for protection. Well, if all these industries are claiming, and are in some cases being granted protection, I say that as all of them rest on insurance and banking, the two latter are the most important key industries of every country in the world and it is up to the Government which

claim to take any interest in the development of the country under its charge and in the development of its own insurance companies, to come forward and do something for these companies, without much delay, and the sooner they do that, the better for the progress of Indian insurance companies in this country.

Mr. Walchand Hirachand: What about Shipping?

Mr. Iyer: I am not at present concerned with shipping. Now so far as the question of deposits is concerned, if you want to do business in America, you have to deposit fifteen lakhs of rupees; otherwise no sort of certificate will be granted. 50 per cent of your income, indeed the major portion of it, has to be maintained in that country and not a pie will be allowed to be taken away, unless the liability has been wiped off and Government permission obtained. Then there is France. France, of course, outwardly, does not have any sort of restrictive legislation by asking for deposits but they want a sort of guarantee to be given by a French Bank before you can operate and which is the French Bank or any bank in the world which will be prepared to offer such a guarantee? Now I daresay the Government of India, with all the big machinery that they have, would be quite able to get full information from all countries for legislation in favour of Indian companies.

India of 1931 is not the India of 1930. During the last one year events have happened in this country in such a manner that nationalism and everything pertaining to the Indian Nation have been foremost in the people's minds. The spirit of looking to everything Indian only has been more in evidence than was the case ever before, in the history of the country. The Government and the people are of one mind to-day that Indian interests and Indian interests alone are of paramount importance and that every other interest is certainly secondary, when it concerns the future of this country. It is this change of heart that the country has been demanding all these years and I hope and trust that the Government of India will follow up this change of heart in practical manner by introducing such legislation for protecting Indian insurance companies against aggressive and unequal competition and assaults by foreigners and discouragement by foreign Banks. With these words, Sir, I commend this resolution to your acceptance.

Mr. Nalini Ranjan Sarker (Bengal National Chamber of Commerce, Calcutta): Sir, the questions contemplated under this Resolution have been so thoroughly discussed not only in this Chamber but in our individual Chambers also that I do not feel that I can usefully add anything new to the argument put forward by Mr. Ramachandra Iyer to-day. So at this fag end of the day I will not weary you by inflicting a speech. I formally support the resolution and resume my seat.

The Honourable Sir George Rainy: It will not be necessary, I think, for me, Mr. Chairman, to speak at any length on this resolution partly because a good deal of the ground was covered in what I said last year. Perhaps some who are present to-day will remember that I promised to examine the figures as soon as we had them in our new returns. I promised to examine them from the point of view of seeing whether they disclosed ground for emergency action. One of the points that has been pressed by those who advocate the amendment of the Insurance Act in a certain sense has always been that non-Indian Companies operating in India should be required to invest in India certain proportions of the premiums they receive. I find it particularly interesting in the returns of last year that the assets of the non-Indian Companies operating in India were higher in proportion to their Indian premium income than their total funds were in proportion to their total premium income, and the inference apparently is that they do, in fact, at present invest in India in one form or another higher proportion of their assets than they invest elsewhere. That is one point.

Another point that was disclosed in the returns was, I think, quite clear, namely, the very remarkable growth that has taken place in the volume of life insurance business transacted by the Indian Life Insurance Companies. As far as I could judge from the figures, there was nothing to show that so far as the Life Insurance was concerned, they were not getting at least their fair proportion of the growth in business. Then another point was this. Last year, I said, "It will be helpful if the Federation or any member of the Chamber of the Federation particularly interested in the question would let us have his views not on the general question of the protection of Indian Insurance Companies but on the other point, namely, whether legislation is urgently required in order to protect the policy holders. If they do so, I can promise that everything they say will be most carefully considered." I do not think we have had any response to that invitation. Indeed

the Mover of the resolution to-day made quite plain the position from which he was speaking, namely, the protection of the Indian Insurance Company and particularly, I think, the non-life Insurance Company. I do not think any stress was laid on the composition of the Life Insurance Company. Well, so far as the figures are concerned, the last year was the first year in which the non-life business was shown in the returns. We cannot tell so far as the figures are concerned whether the business transacted by the Indian Companies is decreasing, is stationary, is increasing or is increasing as fast as the business done by the non-Indian companies. I have at present no means of getting accurate information, but I should be very glad if those who are interested in the question would communicate to the Commerce Department any information they may have on the subject. I am aware, of course, that both in the case of Fire Insurance and also in the case of Marine Insurance, and particularly the latter, there have been constant complaints for the last few years that rates generally not only in India but all over the world had come to a point where the insurers were almost certain to make a loss. But I should be very glad to have information which would tend to show that the competition was keener in India than it is elsewhere and also any information which tended to show that the volume of business transacted by the Indian Companies was tending to decrease. In the main, my position is this that since I spoke on this matter last year, no evidence has been placed before me to indicate that there was an actual emergency which called for immediate legislation. Now, that being the case, Government had to take account of one or two other facts. Any Bill to revise and re-enact the Indian Insurance Act would, I am afraid, be highly controversial and Government certainly felt that the atmosphere of the last twelve months was not a suitable atmosphere for undertaking legislation of that kind, because the controversial questions which would arise being of the racial character and involving the whole issue of what is and what is not unfair discrimination are precisely the questions which have come up for consideration and will again come up for consideration at the Round Table Conference. I know quite well what the views of the Members of this Federation are and I am not arguing the case for a moment. I know quite well what their views are and you know what the views of the Government of India are because they were stated in our despatch on Constitutional Reforms. But these questions so far as the Government of India are concerned have been taken out of our hands for the time being and they will be settled in one form or other at the Round Table Conference.

When that settlement has been reached, then I think the way will be cleared to take up the amendment of the Insurance Act either on the lines the Government of India as at present constituted would prefer or on the lines which the members of this Federation would prefer. But until these very important questions have been threshed out in the appropriate form and have been settled one way or the other, I cannot see that any advantage would result from raising them on a particular issue in the Indian Legislature. That, quite frankly, is the view which we have taken on this question. But, as I said, we are always open to receive evidence showing that there is greater emergency than we are inclined to think and it is for that reason that I invited the Mover and those who think with him if they have any definite evidence of the character I indicated to place before the Government and Government are always open to consider it.

The Chairman: Mr. Iyer, I suppose you do not wish to make any further observations.

Mr. K. S. Ramachandra Iyer: I have nothing more to say; but as Sir George Rainy has just now mentioned that the foreign companies have assets in Indian securities, I would like to take up that point. The point that we are trying to press upon the Government of India is not whether foreign companies keep any assets or not. We want these assets to be kept here absolutely under an Act to be passed by the Government of India. As I said before, the competition from foreign companies is getting very keen because, they find that they are getting less and less business from all the other countries except India. They appoint their Agents here and in that way our business is spoilt. It would be a good check on them even if an emergency legislation were passed under which foreign companies were called upon to pay a deposit; if that is done, I am sure 50 per cent of the companies that are doing business here will disappear from this country. The disappearance of foreign companies would mean that our companies would be established. I am quite certain that competition will also go down and the insurance companies will be able to keep their heads above water.

The other point that the Hon'ble the Commerce Member mentioned is that protection should be given to the policyholders. It is quite true that in life insurance as also in other insurances,

the protection of policyholders is absolutely essential. We want the same thing as other countries have done, namely, the introduction of legislation to protect the policyholders, as also indigenous companies. The fact that the Indian life insurance companies are steadily growing up because of their numerical strength and the national sentiment is convincing evidence that once these companies become strong they will be able to look after large business. Just as you have given protection to the steel industry, so also you should protect insurance companies. But if the Government of India want to leave all these matters until the whole position is finally adjusted at the Round Table Conference, I have no more to say. If the Government of India desire to have information as to legislative enactment in other countries—and what manner of legislation Indian Insurance Companies need for their future progress,—I shall certainly undertake to send the Commerce Department as much information as I have in my possession.

The Hon'ble Sir George Rainy left the House.

The Chairman: Gentlemen, within the short time at our disposal we might just try if we can do some of our domestic work. I understand Mr. Ranchordas Gandhi wants me to take the resolution about Burma, but I think we had better leave it for to-morrow as here are one or two other important matters which might be discussed just now even if we cannot come to any decision about them to-day. One is about the article of association from some members who propose that under Rule 25 of the Rules and Regulations of the Federation, Rule 11 be amended as follows:—

"That the Executive Committee will consider all resolutions sent up by member-bodies and place such resolutions as they deem fit before the members at its annual meeting, and that it shall be the right of every member present at such a meeting to propose any new resolution or amendment for discussion and adoption by this House."

As this is a question of the amendment of our Articles of Association, we shall have to proceed in a constitutional way if it is the desire of the House that this rule be amended.

Then, there is another motion from Lt. Sodhbans which reads as follows:—

"I give notice to move the adjournment of the House to discuss the important matter with regard to the announcement of the personnel of members to the Round Table Conference by the Executive Committee of the Federation just on the eve of the session."

I am sure in any case we are going to adjourn shortly, but if it is meant that a vote of censure should be passed on the Executive Committee for having taken certain action, then I am sure that every member is entitled to move such censure. A new Executive Committee is going to be elected and if the members of the House think that the old members are not worthy of their confidence, they should not vote for them. That is the best way in which they can show their lack of confidence in the executive. If however it is the desire of a substantial number of members to discuss the conduct of the old Executive Committee, I am sure whoever be the Chairman to-morrow—I hope Mr. Sri Ram will be able to occupy the Chair to-morrow—he will be able to allow such a proposition to be moved provided there is a substantial number of members in favour of discussing the conduct of the old executive committee. That is all what I can say at present. If any other member has got to say anything in this connection, and if it is the desire that we should sit for a few more minutes, then so far as I am concerned, I have no objection.

Mr. Sidhwa: What is your decision on this subject?

The Chairman: I will leave the matter entirely at the discretion of the House. If there are at least a substantial number of members who are desirous of discussing this subject, then I have no objection.

Mr. Sodhbans: The members who are present here do not know with what intention I gave notice of this motion for adjournment, because they might not have read the announcement regarding the personnel. As soon as I read it in the newspapers this morning, I gave notice of this motion for adjournment. I would request you, Mr. Chairman, to allow me to make a few

observations, so that members may be able to judge whether my adjournment motion is in order or not and whether they would like to support the motion or not.

Mr. Srikrishna Das Lulla: What is the decision of the Executive Committee? I should like to know that before we can express an opinion, one way or the other.

Mr. Sodhbans: My motion for adjournment of the House is to discuss an important matter, namely, the selection of the personnel on behalf of the commercial community to the Round Table Conference and this has been done by the Executive Committee on the eve of this session and this announcement appears in the papers to-day. Gentlemen, you will agree with me that we blame the bureaucratic government for their bureaucratic action when they pass ordinances on the eve of the session of the Assembly. Similarly when a new committee is about to be elected, where is the necessity for the old committee to elect the personnel to the Round Table Conference just now. That is the point at issue. I bring it to the notice of the House that this is a very important matter. We do not want to say whether the old committee enjoys our confidence, but this is a very vital matter to be brushed aside. We are all aware that soon after the session of this Federation, that is day after to-morrow, elections to the executive committee have to take place and a new committee has to be elected. The new Committee after election would have to take the consensus of opinion of the member-bodies as regards the personnel to the Round Table Conference, or the Executive Committee themselves would have elected the personnel. Here I find in the newspapers that the old Executive Committee have settled the personnel to the Round Table Conference without consulting anybody. This is what the papers say:

> **"It is learnt that the Executive Committee of the Federation of the Indian Chamber of Commerce have nominated Sir Purshotamdas Thakurdas, Mr. G. D. Birla and Mr. Jamal Muhammad Sahib as delegates to the Round Table Conference."**

This is the news which I have read in the papers.

A Delegate: I want to know whether what is contained in the Press is authentic information. We can proceed with the

motion for adjournment only on ascertaining the true facts about the news contained in the newspapers.

Mr. Sidhwa: It obviously seems authentic.

Mr. Sodhbans: Will the Executive Committee contradict it?

The Chairman: Gentlemen, the President, Mr. Sri Ram, is not here, or it would have been his duty to explain how the matter stands, but as on account of his regrettable illness I am occupying the Chair, I think it falls on me to explain what happened at yesterday's meeting. Probably the other members of the executive committee would also like to say something. But before I say anything, I should like the Press to retire because after all it is our domestic affair that we are going to discuss now and we cannot discuss these things in the presence of the Press.

Mr. Sodhbans: Why should the Press retire?

The Chairman: It is our private business and I have every right to ask that the Press shall retire.

At this stage the Press Reporters retired from the House.

* The Chairman then explained to the House the circumstances under which the personnel to the Round Table Conference was unanimously decided upon by the retiring Executive Committee, He also explained some other matters connected with the participation in the Round Table Conference by the representatives of the Federation.

After some discussion the Chairman put the following motion before the House:—

"Is it the desire of the House that we should take up this matter after the ordinary resolutions which concern the

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* Full report of the discussion is separately printed as a confidential document.

Government members are concluded or it should not be taken up at all?"

As a result of the voting (9 for further discussion and 24 against it) it was decided that the matter should not be discussed any further.

The Conference then adjourned to eleven of the clock on Wednesday, the 8th April, 1931.

SECOND DAY'S PROCEEDINGS

Wednesday, the 8th April, 1931—Morning Session.

The Annual Session commenced on Wednesday, the 8th April, 1931, at the Delhi University Convocation Hall, at 11 a.m., Mr. G. D. Birla in the chair.

Government Members present:

The Hon'ble Sir Gorge Rainy, K.C.I.E., C.S.I.,

The Hon'ble Sir George Schuster, K.C.M.G., C.B.E., M.C., (joined later).

The Chairman, Mr. G. D. Birla: I would take up Resolution No. 4 first: it had been fixed that Sir George Rainy would reply to the resolution at 12 o'clock and Sir George Schuster would come at 12-15 in connection with the Silver, Currency and Exchange Resolutions and it was essential we should stick to the programme. I would request the speakers to stick to the time limits suggested the previous day. As the mover was unavoidably absent, I request Mr. Fakirjee Cowasjee to move the resolution.

Lt. P. S. Sodhbans: I may point out that it is a very important resolution and though we are prepared to accommodate Sir George Rainy, I feel that the resolution should not be discussed hurriedly and we should carry on the business in the usual manner.

The Chairman: The engagements have been fixed and we must stick to them; but if the members desire I have no objection to the debate being continued after Sir George Rainy had replied to this resolution, and after Sir George Schuster had spoken on the next resolution, and after that resolution had been finished.

Lt. P. S. Sodhbans: I want to raise a point of order; I want to know how Mr. G. D. Birla came to occupy the Chair: both the President and the Vice-President were absent and Mr. Birla had occupied the Chair without the consent of the House.

(Cries of Order, order.)

A Member: He was duly proposed and seconded.

The Chairman: I did not occupy the Chair without the consent of the House. Will you withdraw those remarks?

Lt. P. S. Sodhbans: If election has been made I withdraw those remarks..

The Chairman: I think you ought to speak with a little more knowledge.

INDUSTRIES

Mr. Fakirjee Cowasjee, (Buyers and Shippers Chamber, Karachi): Mr. President and Gentlemen, I have been hurriedly called upon to speak as a stopgap arrangement and I hope to be excused if all the facts and figures are not laid before the House in support of a resolution which is of vital importance to the whole of India, and I hope you will in your generosity pardon me for any disservice which I may inadvertently do by any omission I may make. The resolution I have to move is as follows:—

"The Federation calls upon the Government of India to take active steps towards the development of Indian Industries in general.

It regrets the inaction of Government in giving relief to the chemical industry and in dealing with the report of the Tariff Board submitted on this question as far back as July 1929.

It draws the attention of Government to the urgent necessity of taking steps to:—

(i) make India self-supporting in the matter of salt supply;

(ii) secure the acceptance by the Swedish Match Company of certain recommendations made by the Tariff Board in view of its unfair activities such as rate war with the end of ruining the indigenous industry;

(iii) give effect to the recommendations of the Hide Cess Committee.

(B) With a view to give adequate protection to Indian tanning industry, the Federation urges upon the Government of India to set up immediately an inquiry through Tariff Board to examine the case of the industry and pending the report of Tariff Board levy a duty of 15 per cent ad valorem on raw hides and 25 per cent ad valorem on raw skins to give it immediate relief which it urgently requires.

(C) The Federation deeply regrets the apathetic and indifferent attitude taken up by the Government of India after the failure of Shipping Conference convened by the Viceroy last year regarding the development of national mercantile marine and presses upon the Government of India the urgency of taking immediate and effective steps for the development and protection thereof.''

The first part of the resolution is to make India self-supporting in the matter of salt supply. I would like to ask a question—and a very broad question—whether India cannot supply all the salt that the Indian Empire wants to-day. With all the emphasis at my command and with all the facts and figures which I have studied and which I placed before the Revenue Members when they visited Karachi some three years ago, I say I am convinced that India can supply not only the entire wants of India but, if facilities are given, she can supply other countries also. Neither the Government, nor the semi-Government bodies in the shape of Port Trusts, have ever come forward to assist India in the matter of salt supply in order to make her self-contained. I shall give one instance. We all know how Government have been reticent in giving support to the salt industry in India which is fairly due to her. I need not take up the time of the House on that, as the Legislative Assembly Debates are open for the inspection of all. But I would like to give an instance from my own knowledge which may not be known to all delegates. Karachi the place where I come from has potentialities to supply, if not the whole of India, at least half the wants of India, Burma and Assam. It only wants one facility—not at the expense of the taxpayers, not at the expense of the Government, but on its own strength—one facility which Government and the Port Trust have hitherto refused; and that is a channel leading to the salt works so that the salt could be transported from the salt works to the shipping. We have all heard that water is the cheapest form of transport wherever it be. Yet the officials of the Karachi

Port Trust have always stood in the way and have said that it was an expensive problem and unless they were assured that the revenue would be forthcoming in the form of wharfage dues, they would not sink the channel. Do you know how much it would cost? Only a lakh and a half of rupees. That is all that is wanted to dredge a channel from the shipping wharves to the salt works, and this 1½ lakhs is grudged by the magnanimous port trust officials on the ground that they will lose revenue. I maintain that if this channel is opened there will be at least half a dozen ships loading per month in the port of Karachi, which will not only give employment to the natives of the soil but also to the foreigners, the British bottoms. This fact is being ignored by every one on account of one interest and that is the Cheshire interest. The Cheshire interest is paramount to-day and rules the fiscal policies here. I shall not develop the subject further as I have already exceeded three minutes on this.

Now as regards hides and skins: I cannot deal with this sufficiently for the simple reason that I have not got all the figures before me; but even after the cursory study I was able to give it within the five minutes at my disposal, I am in a position to say that the whole world to-day, I say to-day, looks to India to supply 41 per cent of the total world consumption; it follows ipso facto that India is in a position to dictate its own terms to all the powers who get a supply from India. Still, can we do it? Yes, in one form only, and that is to drain India; it is not to bring in any grist to the mills of India; it is only to take away from India cattle hides and to destroy India completely in the one industry which she established in order to go to the help of the British Government at a time when they felt the greatest necessity for it. The Indian capitalist then came to their succour, gave all their brains, all their money and their time to supply the wants of the Britishers; and to-day we find we are subjected to foreign exploitation. The British Government is doing a service to the United States and Germany by seeing that our skins and hides are exported to those places at a price which they can get them, tan them and not only send them out to India but use them in their own countries. They have put a heavy duty against tanned leather—I do not say tanned by India; but the United States have put an export duty and raised tariff walls against tanned leather because they know that it is India alone which can supply all their wants and therefore they have raised a tariff wall against tanned kids, virtually thereby meaning India. I ask the Indian Government, what have

they done to protect, as trustees of this country, an industry which can be well protected? It does not want more than five minutes to do it. The Legislative Assembly will vote for it—and that is, a very heavy export duty, both on the raw skins and the raw hides. If I were to dabble in all the facts and figures which I have been able to collect even within the five minutes after coming into this hall this morning, I shall be able to give the House so much information that the hearts of delegates here will begin to bleed; but I have to stop as I am restricted to time for moving the resolution.

Coming now to Indian shipping, gentlemen,—here again I am not going to read to the House any figures, because figures are already before the country, before the Legislative Assembly and also before the Government officials, and these figures have been supplied times out of number to the Select Committees in the forms of memoranda issued by all the Chambers in this country, but I may say that none of these figures have yet been refuted. That is quite sufficient for me, but I will take you as far back as the year 1924. I said a minute before that I would not deal with figures, but I shall now deal with some home truths, and these home truths barely put are the following:—In 1924 the Mercantile Marine Committee was formed, and it gave its conclusions, and in justification to those gentlemen who sat on that Committee it might be said that their conclusions were unanimous with regard to the formation of an Indian National Mercantile Marine. The recommendations were many; yet with the halting policy which the Government of India, the trustees of this country, have adopted, they only gave effect to the first recommendation, and that was by way of establishing a training ship. But beyond that the Government of India ignored all the other recommendations of the I.M.M. Committee, and where these recommendations are consigned, whether they are kept even in the archives of the Government of India, one does not know, but the fact remains—and I will touch on them in the latter part of my observations,—but the fact remains that these recommendations were unanimous. The principle was accepted by the non-Indians who were on the Mercantile Marine Committee. They could not possibly give the force of legislation to the recommendations and to the principle which they had in fairness and justice to accept. But what has happened? The recommendations not having been given effect to, it was left to an Indian Member of the Legislative Assembly to draft a private Bill. This is what is known in the history of British India as the Haji's Coastal

Bill. There was a lot of opposition to it, but eventually it reached the first stage, and it was referred to a select committee. It passed through that stage after years of struggle, after volumes of memoranda being issued by local Chambers and everyone else. When again it went to the Legislative Assembly, for some reason or other it remained to be moved. In 1928 the present Viceroy, H. E. Lord Irwin came to the assistance of the vested interests and suggested a procedure to be adopted by which India could have its national Mercantile Marine, and that procedure was in the high sounding words 'consent and goodwill.' We thanked him for that, but the result as everyone knows is nil. Nothing was done, and though the Viceroy gave his opinion in the matter as early as 1928, yet till 6th of January, 1930, nothing was done by H. E. the Viceroy. In 1929 when the delegation from India went to the International Geneva Conference, the opportunity was seized to see the Secretary of State for India, and we are proud to say to-day that the Secretary of State said that it was absolutely essential that India must have her own national Mercantile Marine, and more so we should have training ships to give the sons of the soil employment as officers on our ships. It was stated, and very wisely stated, that the foreign bottoms depend upon the Indian seamen for swelling their profits. It may surprise this House to know that 2,50,000 sons of this land toil on board the ships to bring 10, 12 and 20 per cent of income to the foreign bottoms, yet nothing has been done for the sons of the soil to take their share in the higher ranks as officers, navigators and engineers. When it was suggested to the East India section of the Shipping Board in London whether the officers trained on board the "Dufferin" would be taken on foreign bottoms, specially the British bottoms, not as permanent employees, but even as apprentices, they said there was a bar, and that they had given no such undertaking, and Indians may not expect to get any service in foreign bottoms while their children were going to starve. Of course, they were quite right; they were not going to starve their own children. That being the case, I ask the trustees of India, what have they done to my children if they cannot starve their own children? Is this not a fair question to ask? As I said, till 1929 nothing was done by H. E. the Viceroy. Naturally the Members of the Legislative Assembly got very impatient, and my friend on my right asked a very pertinent question from the Hon'ble the Commerce Member, as to what effect had been given to the promise or the assurance given by H. E. the Viceroy, and the reply was this,—I don't want to read the whole of it:—"It is the earnest hope of the Government of

India that as stated by H. E. the Viceroy a solution of this difficult question may be found in a spirit of co-operation and goodwill and they would be reluctant,"—I would ask Members to weigh each of these words carefully,—"and they would be reluctant to proceed upon other lines until it was clear that there was no hope of an amicable settlement." I ask, Sir, whether any move was ever made to ask for this amicable settlement. After a great deal of agitation, a move was made by H. E. the Viceroy on the 6th January, 1930. We do not know exactly what discussions took place and how the Viceroy and other Members of his Cabinet impressed upon the vested interests, the desirability of giving effect to the national ambitions, but in reply to a question by an Hon'ble Member in the last session of the Assembly, the Government of India said this:—"The Government of India will take into consideration at an early date the issues raised in the discussions which took place at the conference on the development of the Indian Mercantile Marine, as soon as it has been found possible",—mark the words, sir,—"as soon as it has been found possible fully to consider these issues, the responsibility will rest with the Government of India of deciding what action should now be taken and whether any useful purpose would be served by inviting the interests concerned to meet again." Sir, all along we had been given an assurance that a spirit of co-operation and goodwill would be created to bring about a solution of this difficult question. That assurance as late as the last session of the Legislative Assembly boiled down to a possible solution. The assurance with 99 per cent or even 100 per cent of that assurance whittled down to a mere 1 per cent of chance to establish a national Mercantile Marine.

Now, Sir, we are faced with another big problem. With all due deference to our distinguished guest, the Hon'ble Sir George Rainy, I may say this. He said yesterday that in the case of insurance, a decision will be reached by the R.T.C. Here we must fall down hopelessly; all our hopes must vanish. We want the Government of India to tell us in a few plain words that India need not expect anything like a National Mercantile Marine, because then we would be quite willing to give up this expense of training our children on the "Dufferin". What are we faced with? I should like to have more than one "Dufferin" if we can get the Mercantile Marine. (A delegate: Let Scindia supply). Now, what are we faced with? Government, to my mind, feel that the enthusiasm of the people will cool down. The vested interests who have got the power of finance behind them

will be able to play out the few bottoms which are plying to-day in India. If that is their impression, they might very kindly tell us so, so that we might not sink any more money, as we have none to spare, in training our sons; but do not keep us in the dark; do not keep us in the position of 'wait, hope and die in starvation.' We do not want to do that.

Then again, Sir, the Government may not find it possible to come to an amicable settlement, but is it really difficult for the Government of India to legislate against the illegal and pernicious system of rebates? I ask what is there to stop them from doing that? Have they done it? One might say that they were not asked to do so, but here is a glorious example of South Africa. What did they do? Immediately they found that the vested interests were trying to adopt the system of deferred rebate on bringing goods into South Africa, they sent an ultimatum to the different liners and said 'Look here, if you do that you will lose the mail contract.' Now, I ask, have the Government of India told the gentlemen who are running the mail contracts that if they do not stop the deferred rebate system, they would not be given the mail contract in future? Are the Government of India afraid that if they do that there would not be enough bottoms to take up mail contracts? If they will give us the mail contract, we will take over the entire business within a fortnight. It is not a difficult thing, but have they given us any chance?

Seth Walchand Hirachand: I may inform my friend Mr. Fakirjee that the organisation in India which does the mail contract justified its rate cutting policy on the ground that they do the mail contract business. They said it in so many words at that famous conference of last year that the Rangoon, Akyab, Chittagong rates reduction from Rs. 14 to Rs. 4 was justified by the representative of that organisation who was present at that conference on the ground that they had the mail contract. It is our misfortune.

Mr. Fakirjee Cowasjee: I thank Mr. Walchand Hirachand for this correction. This is certainly a very good piece of information to the whole House. Then we have got another pernicious system. One may call this a domestic affair and brush away this objection but it is no more domestic than the deferred rebate system is domestic and it is the giving of a concession in freight by way of what is called the claims on discoloured rice. This is

driving another wedge into the ruination of the Indian bottoms and I request the Government of India—and in saying this I am sure I am voicing the feelings of this House and the crores of people outside—to take this question in hand. When this Bill was introduced the labels of flag discrimination, of expropriation and other sort of labels were put on against this Bill but the Member in charge of the department never took the kind trouble of labelling it with the correct label, viz., National Protection. I label that Bill with that label called National Protection and is it only we that are asking? Not by any means. England did it years ago and to-day there exists a country in Europe that wants it. Is the Government of India unaware of that? No. The Government of India are aware of the fact that Portugal wants flag discrimination and if a small State like that with a coast-line of 500 miles wants it, is it unjustifiable for India to demand it with a coast-line of 4,000 miles? Portugal which is a small tiny little State on the surface of the globe in Europe wants it. There have been several Resolutions tabled to my knowledge to boycott that country. So the word 'boycott' does not emanate from India. It emanates from the other side of the Mediterranean and if in self-interest we want protection and have used those labels, why should we be run down? I hope, Sir, when the Honourable the Government Member rises to reply, he will not refer me to the R.T.C. We know what the R.T.C. is, has been and what it will be. That is not going to solve the National Protection question. Whether R.T.C. or not, we want the Indian Mercantile Marine. We must get it. We have got our sons to be employed on it. We have got the staff to run it. We have got 2,50,000 men to run those bottoms. We are not going to depend upon foreign powers for a living which is due to us and we demand it. I have got my handicaps, chiefly that of time and oratory. So, I hope that when the Government member rises to reply, he will spare me from the darts of oration. Sir George Rainy is leaving us shortly and I take the liberty of wishing him a bon voyage and happy times and while he is in England, I hope he will try to bring about a spirit of co-operation and goodwill so that this difficult problem may be solved when he comes back and not only that but when he returns, let us hope that he will come back in an Indian owned and Indian managed bottom. (Applause).

Raja Sir Daya Kishen Kaul (Indian Chamber of Commerce, Lahore): I feel that the resolution has not been fully moved and I feel the need for some of the supporters of the resolution to take it up in its fuller aspects. I understand I was required to take up

the match industry and I shall confine myself to the match industry in particular and to a few general observations on the main resolution.

In seconding the resolution, I wish to emphasise the fact that in the existing miserably backward condition of India's industrial evolution, the development of Indian industries is exceptionally difficult and is an extremely uphill task. The dependence of India for its requirements on foreign manufacturing countries for more than a century has reduced the Indian industrial enterprise and her financial resources to such a weak position that it is not possible for her to stand on her own legs without adequate support from the Government of the country which alone can make her future industrial evolution practicable. Such a support and fostering care are all the more needed for industries which are in their infancy or such as are just showing signs of steady growth. The arguments of free trade, pure and simple, which are often pressed when dealing with questions of Indian industries, have proved invariably a stumbling block in the way of the growth of Indian industries. It is unfair to apply these arguments to Indian conditions when we know how backward the country is owing to various causes under existing conditions, especially when it is borne in mind that in order to be able to stand world competition and the survival of the fittest, under free trade, the country must at least once be raised to a status of equality with other competing countries of the world in matters of manufacture and trade. It is a matter of common knowledge that even countries which advocate free trade, resort to measures of protection and exclusion where new industries are concerned or where an indigenous industry stands the risk of being overpowered by foreign competition. In the economic world it is being recognised that for a country placed in a position as India is, nothing but a strong protectionist policy can help it to grow and take its place in the world's industries and commerce. As practical men in the field of industries and commerce, we have had ample opportunities to witness the detrimental results of a pure free trade policy, as it has been followed in India. Inspite of her vast resources, India, in her effort to develop into an industrial country with necessarily meagre technical experience and financial handicaps, is forthwith pitched against the manufacturers of highly developed and well organised and richly financed foreign concerns and foreign trusts. If any protection is afforded in that direction by Government, she is then made a victim of exploitation by foreign combines and foreign concerns by their establishing the industries in the country to check-mate the indigenous

developments; and, if a protective measure is then introduced, it fails miserably to protect the Indian enterprise, because the foreign and indigenous enterpriser both receive the same protection and naturally the former with a superior position always gains an upper hand, and the object of such a protection is again frustrated.

We are not here to discuss the British vested interests in India; but one may reasonably ask whether all European and foreign interests are to be treated by the Government of India as British interests. In some of the European and foreign countries, an Indian has not only no place as an industrialist, but he is even denied, as a free citizen, the ordinary privileges enjoyed by the people of that country. Is it not India's right then to be protected and helped by its Government even in the development of its industries to meet the requirements of its people and to be saved from such foreign exploitation to the detriment of indigenous enterprise and effort?

In support of my observations, I may cite the case of the Match Industry which furnishes a typical instance. The principal points urged by match manufacturers which led to the Tariff Board enquiry in 1927 were:—

1. Further protection for a time against the imported matches by conversion of the revenue duty of Re. 1-8 into a protective duty; and

2. Protection against the activities of the Swedish Trust which had entered India with a programme of establishing factories in the country to evade the Tariff and yet hold the country in their hands in the supply of this article of manufacture which had been the monopoly of Sweden for nearly half a century.

While the first demand was highly desirable, the second was a vital necessity, in the interest of the country's enterprise. The activities and operations of the Swedish Trust were well known; and the procedure adopted of referring the matter to the Tariff Board for a detailed enquiry proved, we all feel, only a measure to defer the relief asked for. The Tariff Board enquiries would have been justified in the eyes of the Indian manufacturers if they had led to afford some tangible relief. But the Tariff Board's findings and recommendations remained confined only to paper and received no practical shape in furnishing the much needed protection. As

a result of careful examination, the Tariff Board definitely laid down the future fair selling price of half size matches at Rs. 1-2-5 per gross and held that if the price of matches went below that figure, it should be a proof positive that an unfair state of competition had arisen and that in such unfair state of competition, a world-wide Trust was bound eventually to kill the Indian manufacture. Government's intervention at this stage was held by the Tariff Board to be a necessity, and Government were expected to watch the development. Now, the present condition of the selling price being below the figure fixed by the Tariff Board has been in existence for over a year, and the Swedish Trust have, since the publication of the Tariff Board Report, viz., during the last three years, reduced, their selling price to a figure far below the estimated fair selling price for the future as determined by the Tariff Board. Indeed their present selling price is even lower than their works costs as reported to the Tariff Board in 1927 by more than 3 annas a gross. This works cost, I may point out, is exclusive of over-head charges and profits. It is thus clear that the rate war started soon after the Tariff Board's report. Since the last year, however, the campaign has been much more vigorous. The net revenue to the Swedish Trust on present sale figures is not calculated to be more than 12 annas a gross against the future fair selling price of Rs. 1-2-5 as fixed by the Tariff Board. Taking a most favourable view of the Swedish Trust's working, it is evident that they have cut down prices by 6½ annas a gross to-day against the carefully worked out estimates of the Tariff Board. It is not understood where and how such a large reduction could be possible; and we are compelled to draw the only conclusion that what was foreseen by the Tariff Board and mentioned in so many clear words by them in their report is coming to pass; and while the Government of the country were expected to save the indigenous enterprise by necessary steps against the Swedish Trust's exploitation, they have allowed the Swedish Trusts's activities to grow in the country to the detriment and ruin of the indigenous enterprise. It may be interesting to mention here that as a result of the Indian enterprise in match manufacture, and the competition, it has given to the Swedish Trust, India, as consumer, has gained an annual saving of no less than 3 crores of rupees; and unless effective measures are taken to safeguard the interests of the Indian enterprise which is responsible for this saving to the country, there is the danger of its being gradually killed and the country being left to their mercy of the Swedish Trust. We feel, therefore, that we are perfectly justified in asking Government to let us know what steps, if any,

they have taken to prevent such a state of affairs coming into existence when they have had all this time the Tariff Board's report in their hands; and why this rate war, which was so clearly anticipated as far back as 1926, and which was recognised by the Tariff Board in 1928 as a likely danger has not been prevented. Is it not high time that the Government of the country should make up for its past inaction by prompt measures, if it is at all desired that the industry of the country should be saved from ruination?

With these few words, I beg to second the resolution. (Applause).

The Chairman: Mr. Hooseinbhoy Lalljee, may I just ask how you would like to arrange it—because, as I fixed it up that we should ask the Honourable Member to reply at 12, I am afraid you have got very short time at your disposal, and either your speech will continue or I will have to call upon the Honourable Member.

Mr. Hooseinbhoy Lalljee: I will finish it within that time.

Mr. R. K. Sidhwa: Mr. Chairman, I heard you state that you would allow five minutes to the supporters.

The Chairman: What is the point? I said that I would allow five minutes, but after I saw that the sense of the House was that the honourable gentleman should continue, I could not stop him.

Mr. R. K. Sidhwa: Was that the sense of the House?

The Chairman: It is my business, Mr. Sidhwa, to find out what is the sense of the House. I am afraid you are not helping the Chair in the speedy disposal of business but have been unnecessarily interrupting. Let us not waste the time of the House.

Mr. Hooseinbhoy A. Lalljee (Indian Merchants' Chamber, Bombay): Sir, I am thankful to you for the indulgence that you have promised, but I assure my friend over there that I shall not try to take all the five minutes. If I do try to take a few minutes more, it is because of the unfortunate position in which we have been placed owing to the absence of my friend, Sir Chunilal Mehta, whom I am sure, if he was present here, my friend would

have liked to hear much more than myself. I am sure he will not take any more objection if he finds me not so palatable as my friend, Sir Chunilal Mehta. Now, Sir, so far as the salt industry is concerned, my friend, Mr. Fakirjee has given you a short history, but, as one who has taken some interest in the matter, I would like, Sir, with your permission first to congratulate the Government on the action that they have already taken. The action was delayed no doubt, but after all, it has been taken and we ought to acknowledge the action that the Government have taken. I say, Sir, that had it not been that this action was taken, my friend, Mr. Fakirjee would have to-day shouted out that the salt industry exists no more. Sir, with regard to the salt industry, I who was connected with Bengal for over 30 years was a little surprised when I found that there was some objection from a nationalist province like that of Bengal. My friend, Mr. Sarkar, is here, but I would like to ask a simple question,—whether Bengal likes the salt industry to be established in their own province; and if they really wish that they should also manufacture salt, does not the protection that Government has extended to the Indian Industry help them to revive that industry? Bengal, Sir, has raised the cry that they will get salt dearer. I do not know whether the Bengal people have studied the figures that have reigned with regard to salt rates in Calcutta. I can only give them one figure. When the first Indian salt works were created 18 years back, the ruling rate in Bengal was Rs. 120 per 100 maunds, and the first competition that came in saw a fall of nearly Rs. 90, and the rate was brought down to Rs. 30; that continued for only one year, and then again my Bengal friends had to pay something like Rs. 100, and Rs. 120 for a certain period. Now, Sir, it has also been stated with regard to the question of the salt industry Aden is not a part of India, and it has been asked, "why should Aden be supported?" Now it is a fact, Sir, that Aden has been under the Government of India and especially under the Government of Bombay ever since it was occuped by British and Indian troops; that for years back the people in Aden have been recognized as Indians, and in fact a great majority of its population consists of Indians. Aden is a port at which a large quantity of grains and piecegoods from the Bombay side find sales, and rice from Bengal is being sent there for so many years in large quantities for distribution to Arabia, Somaliland and even East Africa: and it is because of the fact that Aden can send back salt to Bengal that they are not required to pay a larger amount of freight than they would ordinarily have. Sir, the salt industry is a great necessity for this country, and the Report of the Tariff Board and the

Chunilal Mehta Committee's Report furnish ample proofs that India can be self-supporting. If that is so, Sir, I think it is high time that the Government should endeavour to manufacture salt or bring into existence a system of manufacture of salt all over India. Salt, Sir, is a commodity which not only helps the growth of human being but also helps cultivation: and that such an article was being imported, and is still being imported, for years from foreign countries has been a misfortune for this country. Not only that, but the amount of money that was and is being drained away should be taken into account, and when you calculate that, well, certainly you will be able to lay your finger on one of the grounds for the poverty of India. Sir, as my friend has pointed out, so far as the importation of salt is concerned, the percentage of salt that used to come from Great Britain about forty years back was something like 60 per cent of the consumption and it has now come down to 16 per cent. All that money has gone out of India not only to England, but to all foreign countries such as Germany, France, Italy, Egypt and other countries, and last but not the least, great salt works have been created on the Red Sea side by the help of the Italian Government who have advanced no less than 2 million pounds to that concern to help it to bring salt into India. Sir, while foreign Governments are creating salt works and financing them with their money, in only our country our Government wants to give them the same treatment or better treatment than ourselves. Sir, is that fairness? Is that not discrimination against Indian interests, I ask? (Applause). (Hear, hear). Why should the Italian Government finance salt works in another country to feed India? It is no private concern whatsoever. This sort of thing is going on with regard to salt. Now I shall draw your attention to the question of chemicals. With regard to that, we have already got the Tariff Board Report since 1929, but I do not know why the Government have not expressed any opinion thereon. During the war, the Government felt the necessity of creating chemical works in India. They felt the necessity of even creating chemical works in Great Britain,—and look at the way in which things are done in England. The Imperial Chemical works in England is being financed by Government, is being subsidised by Government, and helped by Government in every way. Why is not our Government doing the same in India? Do they want another great war to appreciate their own position of helplessness, hopelessness and dependence upon foreign countries whom, at the cost of India, they feed, and then they want India to fight for the Empire against those foreign countries. I say we have here a positive charge to

lay against the Government that they have been feeding foreigners who are ever ready to fight the Empire and, mind you, Sir, it is at the cost of Indians that they become many times stronger, and India is expected and required to help the Empire against these foreign countries. Sir, a lot depends upon the action that Government takes in this respect. The chemical industry is a necessity for many other industries to continue and flourish, and I hope the Hon'ble the Commerce Member will at least now give us an assurance that some action is being taken. With regard to the match industry, my friend has explained the position at length, and I only wish to point out that by the inaction of Government not only a foreign syndicate has come in and is ruining the country, but this syndicate has gone to the length of abusing our hospitality by arranging all over the world to take over the machinery supplying works, the chemical works, and so forth. They have even gone on and made a combine to purchase all the raw material which sometimes we require from abroad. They can do all this sort of thing, and still we allow them to be in our country. This vested interest has recently grown up; and if our Government is going to treat these new concerns, these new vested interests of foreigners indulgently and to allow them to ruin us, then I think we should consider very seriously whether we should not take action against British as well as foreign interests. Not only that, but by allowing such a syndicate to come into India the Government have allowed a drain of nearly three crores for the last sixty years from India, and this drain will continue for long. I would point out that when the Tariff Board Inquiry Committee was appointed, this very syndicate said that this industry did not fulfil any of the conditions of the Fiscal Committee's Report; that is to say, they thought that this industry should not be protected,—that it would not be self-supporting in India, and it should not be protected. Well, at that time, the concern had a capital of 40 lakhs, and the question may be asked, "why was this concern created when you are of opinion that this industry cannot flourish in India?" Then they said, "probably the concern would close down their works"—a concern with a capital of 40 lakhs of rupees, a concern that believes that there is no need for protection, and is continually developing, and yet our Government are merely watching the course of events! Only last January a question was asked in the Assembly, when the Hon'ble Member was pleased to say that serious consideration was being given to the question. Well, it is now 12 months past, and what do we find? Still, inquiries are being made,—and, Sir,

the result is, we are reducing the scope of our Indian manufacture, and the Swedish syndicate is going on; and it will be seen that all the factories will be closed down, and the moment that is done, the Swedish syndicate will immensely grow up, and you will again have a drain of three crores of rupees from this country. As one of the representatives of a Calcutta firm told me, even the banks in Calcutta, even the shroffs and even ordinary people would not lend money to a match manufacturer because they say, "here is a foreign syndicate, so powerful as to ruin the industries of 23 countries by acquiring a monopoly, and here is a Government which will not take any action against them and which will not in any way help the indigenous industry. So we cannot help you." It is not that the banks and the shroffs are hostile, but it is because our Government will not come forward to help the national industry; and still the Government would sit still and therefore, we want a Director of Industries in every province.

Now, Sir, coming to the hides and skins, I would like to say a few words because I happen to have some experience of that line during the war. During the war our Government felt the necessity not of hides and skins being tanned by our tanneries but they put a special officer to look after it and now they say that there is no need for it. The tanning industry has been ruined. Why? Because certain importers do not want that a little money on the tanning labour should be spent in India. They want the raw material so that even the tanning work should be done there. I assure you that if tanning is allowed to be done in India then the hides would become cheaper than what they are to-day. The poor Indian labour is very cheap and everybody wants to exploit them. We heard in this Chamber yesterday about the recommendations of the Agricultural Commission and the great need to help the agriculturist. We also want that some employment should be found for them. Here are the ways and means by which employment is to be given to them. With these words, Sir, I support the Resolution. I have tried to finish my speech before 12 o'clock as I promised to do.

The Chairman: I should like to request Sir George Rainy on your behalf to stay for five minutes more because I find that in this Resolution tanning industry has been included and I should not like it to go unrepresented.

Mr. Mahomed Ismail, (Southern Indian Skin and Hide Merchants' Association): I thank you, Sir, and the Hon'ble

Member for Commerce for allowing me at least 5 minutes to represent the case of the tanning industry. Sir, the total value of skins and hides and the leather articles in this country is about Rs. 40 to Rs. 50 crores per annum and about three million people are engaged in this and allied work. The tanning industry has not only got a great economic bearing on the commercial and industrial development of the country, but it is also a key industry which is very serviceable in cases of emergency. It was this usefulness and immense service that was acknowledged during the war when at a time 75 per cent of the British armies had their shoes, the upper leather of which was made in Southern India. This is in addition to the satisfaction which the tanning industry was able to give to the requirements of the civilian population wearing shoes. Now, Sir, the Government at that time recognised the value of the industry and also the peril which it stood at the hands of the foreign competitors. Before the war the Germans, the Americans and others exploited our raw resources and they even formed themselves into a ring at times. There were cases when these combines boycotted the Indian sellers who sold skins and hides to Madras tanners. Later on, after the war, many a time when the prices were high, the foreigners kept themselves aloof, and when the prices fell down, they swooped upon the market and took away the raw materials of the country unawares, so to say. It is in this way that the tanning industry has all along been dealt with by the foreign interests and it is because of this that we have been asking for protection. But instead of giving protection, the Government reduced the duty to 5 per cent at the request of the foreign interests. The foreign agencies in the country which were mainly caterers to American and German firms, represented to the Government that it was an evil in so many ways; but so far we have not been able to see we don't know what the evils are. They speak of the cause of the primary producers, but Government themselves when they levied the duty said that it did not in any way injure the interests of the primary producers. Then again, the matter was discussed at the Geneva Conference. They said that they were against any export duty; but then, our country cannot be linked with other countries which have had an earlier start in the industrial and commercial development and which have got immense facilities for mass production. But even that Conference laid down certain exceptions and the tanning industry comes under that exception. Then again, European countries, like Roumania

have not agreed to abide by that resolution. This industry, Sir, cannot be given protection through an import duty because the imports hardly come up even to a crore of rupees including even the artificial leather, whereas our exports of skins and hides including tanned skins and tanned hides come to anything between 15 and 20 crores per annum. It is alleged that if a duty is levied, the trade may be affected; but then the world cannot ignore our supplies. The whole cattle population of the world is computed to be 600,000,000 of which India alone contains not less than 200,000,000. I am afraid I have not the time to take the House through various figures but I shall mention only a few figures with reference to raw goat skins. They compute the figure to be 120,000,000 for the whole world. About 90 per cent of this or about 105,000,000 comes into the international trade, of which India alone supplies 41,000,000 of raw goat skins. Then, again, Sir, even with a duty of 15 per cent and when Germany and other countries were passing through the post-war depression, Germany was able to buy raw hides from our country. This shows that the world cannot ignore our supplies. If such foreign countries want only our raw materials and if they refuse to take our tanned hides, then we say that this is not fair to our country. Even Germany has levied an import duty on our tanned hides and America has now levied an import duty on our tanned skins and hides, while they have left raw skins free. This last factor of the American Tariff has given a death-blow to our tanning industry. As it is, it was being crushed by foreign exploitation and then by the high exchange ratio and then by the general depression and last of all the American Tariff has proved the veritable last straw on the camel's back. Reports after reports are coming from England, which is not only the greatest purchaser of leather from America but also the largest seller to America of leather and manufactured goods, that the Americans do not buy in the London market to which most of our tanned skins and hides are being sent and that this further depression and this most disappointing position is due to the American Tariff.

The Chairman: I would like the Hon'ble Member to bring his remarks to a close.

Mr. Md. Ismail: Sir, the position has become very acute and even a few months' delay will mean complete ruination of this important industry. So much so that the commercial bodies of

Madras, European as well as Indian, and the Press, European as well as Indian, have taken up this case and and have put forward as their opinion that unless an immediate remedy is vouchsafed to this industry, it will be ruined and its position will then become absolutely irreparable.

Sir, I wish to thank the Government for the promise they have given in the case of our raw goat skins, but that alone, I am afraid, will not help the industry as a whole. The relief must embrace the whole tanning industry, skins as well as hides, and that too must be done immediately. If it is not done quickly, the primary producer, for whom the foreign interests have taken so much love and liking, will be placed at least at the sole mercy of the foreign exploiter, because he will then be the only buyer of the raw skins. Then, even for a piece of leather which is required for an ordinary pair of sandals, we will have to depend upon foreign countries. Therefore, apart from the right of this industry to live, I beg of the Government to show at least some mercy to this industry, which is, I might almost say, on its death-bed now.

The Hon'ble Sir George Rainy:* Mr. President, may I begin by thanking the Hon'ble Mover of the Resolution for his very cordial wishes of Bon Voyage and for his wishes that I might return in his ship. I do not know whether this will be possible on this occasion but I certainly hope that before I die I shall be able to make a journey from England to India in his ship. I wonder if I am right in taking up just two or three minutes to tell the Federation the kind of impression that has been growing on me during the four years that I have held the office of the Commerce Member. The conviction had been steadily increasing from year to year and from month to month and the impression created upon my mind was this—that there was something anomalous in the arrangement that I, coming from another country, should appear before the representatives of India as charged with the immediate control of commerce. As we all know, things have been changing very rapidly in India in the last few years and with the new India that has already come into existence and is rapidly coming into existence, the conviction deepened in my mind that this was an arrangement that could not continue for very long. Therefore, when the Government of India had to consider their proposals in connection with the Constitutional

*Speech not corrected by the speaker.

Reforms, the impression was quite clear in my mind that whatever might be said about other departments or other subjects, the time had come when the administration of the commercial subjects ought to be in the hands of an Indian whose policy would be moulded in accordance with the wishes of the Indian labour. That was my quite clear conviction and that is what you will find in substance in the Government of India Despatch, qualified only by this, namely the proposed commercial agreement. I know quite well and I am not going to argue the question, I know quite well the difficulties there are. I know quite well the objections that are raised, sometimes on the one side and sometimes on the other, but I do want to say this, that when a great change in the relations between two great countries occurs as it will occur before long, it makes a great deal of difference to the future whether that change occurs violently or whether it leaves some sore spots behind it or whether it occurred as the result of a spirit of mutual accommodation and goodwill. It is in that spirit that I have always hoped and still continue to hope that it will be possible when the sittings of the Round Table Conference are resumed to arrive at a common agreement.

Now, I have not got too much time and therefore I must pass on to the subject of the resolution by merely saying this that I very cordially thank the President of the Federation and the other gentlemen of the Federation for adapting themselves to meet my personal convenience. I think you know that there are rather cogent reasons. I have still got a good deal to do before I leave Delhi at ten minutes past ten to-night. I am very grateful for the consideration shown to me by the Federation in allowing me to rise at this stage. I will deal first and very briefly with the chemical industry. I do regret more than I can say, that we have not found it possible to publish the Report of the Tariff Board earlier. As I said in the Assembly, it will be published before the end of May and I quite recognise the depths of feeling which I know is felt by a number of members of the Federation and outside, but I will ask the members of the Federation to believe that there is no sinister motive behind it and that the angle from which I approach this question of protection is the angle from which I approached the question of protection to steel industry in 1923. After all I have been rather closely associated with that particular branch of the Indian industry and I am glad to say that I believe that as a result of the measures which on that occasion I had the honour of taking a share in initiating, before very long it will be quite plain to the whole world that the steel industry is firmly

established in India. I believe that if to-day the railways were in a position to place all the orders that they would like to place, I believe it could be shown even now that the prospects of the industry were assured. One thing more about the chemical industry, I will say and it is this. We hear a great deal about the desirability of responsiveness on the part of the existing government. Well, in the case of the salt industry, we gave an example during the last session of the desire of Government where they can to meet the wishes of Indian opinion generally. It is from that angle that I approach the consideration of the chemical question.

Now, I will pass on to the question of matches. I do not intend to say anything more about salt, one reason being that my honourable colleague who is directly responsible for salt is already here and in any case the members of the Federation know exactly what was done during the last session and my friend Mr. Hooseinbhoy Lalji clearly indicated that they approve of what had been done. So I will now turn to matches. As regards matches, I am no longer in charge of that particular subject, but I would like to narrate briefly what actually occurred. When the Match Industry Protection Bill was before the Assembly, I said that the position would advance and that if it appeared that an attempt was being made to oust the indigenous manufacturer by the operations of a powerful foreign combine, Government would take the matter up. Now, we have got quarterly returns from them always which we used to examine closely with the prices at which matches were being sold and I think I am right in saying that it was not until about May or June last year that the tendency to cut prices became apparent and it was not till the following quarter that is, July-August-September, that it became very marked. The case on the statistics for Government action could not arise until we got these figures, assuming that that was the only information we had, that is the figures for the September quarter. But before this could reach us, we had representations from the Indian indigenous match manufacturers drawing attention to what was going on and asking that action should be taken. Thereupon we asked the Director-General of Commercial Intelligence to make an enquiry and to report to us as soon as possible. The only method of enquiry he could adopt was to ask for information from the Provincial Directors of Industry as well as from the Match manufacturers. In January I found that his report had not yet reached us and that he had written to us to say that some replies were still outstanding and that he would not be able to submit a complete report for some time. Upon that I asked that he should submit his

report at once in so far as information at his disposal enabled him to give us information. He did so and as the result of the facts he brought to our notice it became clear that there was a prima facie case for an enquiry and it was after that stage had been reached and only after that stage had been reached that it occurred to me that properly it was really rather the business of the Industries and Labour Department than of the Commerce Department and for that reason I asked my honourable friend, Sir Joseph Bhore, to take over the case and to deal with it. He very readily agreed to do so and I think many of you know that the first step that was taken was that on the 4th April a meeting was called at which the principal indigenous manufacturers were represented and they placed their whole case before the representatives of the Government. I understand that what my honourable colleague now contemplates to do is that as soon as he gets to Simla, representatives of the Swedish manufacturing company should be invited to come there and to place their cards on the table and to give all the information they can. After that my honourable colleague would consider what the next step to be taken is. I am only deputising for him on this occasion and therefore I cannot say more, but he did ask me to explain to the Federation that he would have been present himself to deal with this matter but for the fact that before the dates of this meeting were arranged, he had already made engagements for a tour taking him to Madras and he was unwilling to disturb those arrangements merely on account of this one branch of that particular resolution. Otherwise he would certainly have been present here himself.

I now turn to the question of hides and skins and tanning industry. I notice that clause (a) (3) of the resolution asks Government to give effect to the recommendations of the Hides Cess Committee. I have every disposition to do so, but it is a matter in which we must carry the Local Governments with us because we can hardly act directly. We can hardly take action without their concurrence and we have not yet received replies from all of them, and as soon as they are received, the matter will be taken up and I hope it will be possible to give effect to the recommendations of the Committee.

Then I come to the question of protection for the tanning industry. What I would like to say about that is this. I suppose a great majority of the members of this Federation do hold the opinion that it is possible and also right and desirable to give protection to the industry in the form of an export duty on raw material. But

I think I am entitled to say that a great deal can be said on the other side, that the export duties are very troublesome things sometimes and very often do not like to operate them or if you operate them, they do not result in the way you expect them to operate. The view hitherto taken by the Government has been that an attempt to use export duty as a protective duty may result very differently from what was anticipated may result in the opening out of alternative sources of supply to the detriment of the producer of the Indian raw product without any particular advantage to the Indian manufacturer of the manufactured products; and also duties which were intended to be a protective character sometimes lead to retaliation by other countries. But it does not do to be much too apprehensive of that or allow one's policy to be deflected by considerations of what they believe may do; still we have to keep that in view. On the question of hides, I have hitherto not been convinced that the view taken by the Government of India was wrong. In the Assembly during the Budget discussion this year, Mr. Jamal Muhammad Sahib in a speech drew special attention to the question of raw goat skins and the effect which the changes in the American tariff had had so far that material was concerned. I therefore promised in the Assembly that the matter would be considered and that we would give the tanning industry in Southern India every opportunity of explaining the position to us. I should like to explain now one of the things on which my mind is not yet quite clear is this. I can understand this that by the imposition of a duty of 15 per cent on the tanned skins while the raw skin enters free so far as the market in the United States of America is concerned, obviously that gives an advantage to the American manufacturer. But I pointed out in the Assembly that less than 10 per cent of the tanned skins exported from India go to the U. S. A. whereas nearly 90 per cent go to the United Kingdom. Therefore any injury suffered in the domestic market of the United States would not necessarily in itself be a very serious injury to the Indian tanning industry. But where I like information is on two points, namely whether the manufactured goods which are made in the United States from the Indian goat skins are in fact exported on a large scale to other markets. That is the first thing.

A Member: Yes, Sir.

The Honourable Sir George Rainy: I should like to have full information upon that. The second point is how the American import duty gives the American manufacturer any advantage in

the neutral markets where the goods are not subject to the duty. I shall be very grateful if the representatives of the tanning industry would write to us about that and explain to us the position as they see it.

Then, I come to the last clause of the resolution namely about the Indian mercantile marine. As members of the Federation know very well Government found it impossible to assent to the Bill which passed its second reading in the Legislature and was referred to a Select Committee. We thought you were wrong and you thought we were wrong, but the attitude of both parties was quite clearly explained. Therefore I need not dwell upon that. But I promised in September 1929 that the Government of India would have a settlement by agreement and I urged that they would explore the possibilities of means of assisting the development of the Indian mercantile marine upon other lines. I should like to tell the Federation quite plainly, why it has not taken action yet to explore these other lines. One reason quite clearly was this that during the last year,—it is no use shutting our eyes to the fact,—the whole political atmosphere has been most unfavourable for a discussion of questions of this sort. But much more important,—and I must again refer to it,—was the impending sitting of the Round Table Conference at which the commercial agreement would, we hoped, come under discussion. I still adhere quite firmly to the view I have always taken that this is a matter which can be settled by agreement, which ought to be settled by agreement, and if it is settled in any other way it will be most unfortunate. That means concessions from both sides, and I can assure the Federation with reference to what fell from one speaker that if any opportunity occurs while I am in England by which I can give my help in that direction, I shall be only too glad to take advantage of that opportunity. It is a matter which I have very much at heart.

And, finally, there was a third reason why we did not explore the alternative methods, and that is to be found in the financial position of the Government of India. If an alternative method is to be adopted, then I think quite certainly it means the grant of direct financial assistance to the industry, and it is by no means a cheap matter or a simple matter to find the necessary funds. Now, the financial position of the Government of India being such as it was and such as it still is, it seems to me that it will be almost a mockery to appoint a committee to advise the Government of India what subsidies are necessary, with the absolutely certain

knowledge that it would be impossible to give that assistance. I do feel that very strongly. But I am not going to surrender the hope I still entertain that these difficult questions will be settled at the Round Table Conference in a form to which both sides can assent, and that the way will then be clear for the creation of an Indian Mercantile Marine under the auspices of an Indian Government. That is what I look forward to and that is what I shall hope to see. (Applause).

The Chairman: I am not putting this resolution now to the vote because Mr. Mahomed has still to speak on it. But before we take up this resolution again I think we have to take up the other resolutions dealing with Currency and Exchange and Silver; and after those resolutions are finished we will take this resolution up again. Probably Mr. Fakirjee may like to reply to some of the remarks. Therefore I will not put this now to the vote, but we will continue it after we have finished dealing with the other resolutions.

Mr. Hooseinbhoy A. Lalljee (Indian Merchants' Chamber, Bombay): Mr. President, may I ask one simple question of Sir George Rainy? We have heard about the reference to the Round Table Conference. We all hope there will be some amicable settlement, but I take it that the Round Table Conference will consider the position between Great Britain and India and that there is no question of any foreigners to be considered at that Conference.

The Honourable Sir George Rainy: I have no authority to state what may or may not be considered at the Round Table Conference; but certainly it has never been suggested at this end and certainly it was not suggested in the Government of India's despatch that the citizens of other countries came into the question at all. The reference throughout was to British India, and speaking from memory,—although it is a rash thing to do,—I seem to remember the phrase "subject always to reciprocity."

The Chairman: Before we take up resolution no. 1, I should like on your behalf to extend our cordial thanks to Sir George Rainy for being present here, particularly in spite of the fact that he is leaving to-night for a holiday. (Cheers). Therefore I hope you will all join me in wishing him a happy voyage, and I should again thank him on your behalf for giving us the benefit of his presence here and enlightening us on various points.

The Hon'ble Sir George Rainy left the House.

The Chairman: Now, before I call upon Sir Purshotamdas Thakurdas to move resolution no. 1, I would like to tell the House that I have been reminded by friends that although we have decided to allow 15 minutes to the mover, 10 minutes to the seconder and 5 minutes to the supporter, I have not rigidly observed the rule. I know I have not, but if I sometimes found members clapping a particular speaker, I can only see that they want him to continue. After all I am a servant of the House and I am entirely in your hands. We have a lot of business before us and I therefore hope that the speakers will try their best to observe this rule rigidly.

CURRENCY & EXCHANGE

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber, Bombay): Sir, the resolution I have to place before the House for their acceptance runs as follows. I have been told that it is of the length of half a speech, but I do not propose to speak much after moving the resolution and as the resolution is of a comprehensive nature, I think, Mr. Chairman, it would be best for me to read the resolution before the House.

"(A) The Federation views with grave apprehension the financial and currency policy of the Government which has had the effect of:

(i) reducing the purchasing power of the people,

(ii) increasing the liability of every debtor including that of Government,

(iii) creating artificial stringency at even unnatural periods during the last few years in the money market and undermining the credit of the Government both at home and abroad,

(iv) frittering away the gold resources in the currency reserves which threatens in the near future the convertibility of the currency of the country.

(B) The Federation is of opinion that unless immediate steps are taken to—

(i) make drastic retrenchment in every department of national expenditure both in the Central and the Provincial Governments,

(ii) generally to regulate the currency and fiscal policy of the Government in a manner calculated to promote the productivity of the country, and

(iii) stop further efforts at maintaing the value of the rupee at 1s. 6d.,

the situation cannot but develop most alarmingly causing irreparable harm to the economic structure of the country.

(C) The Federation repeats its emphatic protest against the fact that inspite of its warnings during the last few years, a policy diametrically opposed to unequivocally expressed responsible Indian opinion has been pursued and is amazed at the Government's determined persistence in that policy on the eve of the transfer of the Finance and Commerce Departments to popular control."

I said, Sir, that the Resolution is a very comprehensive one and I hope that after hearing the Resolution as read out by me the House will agree with me. I do not propose to give any figures either of contraction or of the depletion of our gold resources, as I take it that the House has seen and remembers at least in the main points the various representations made by some of the important commercial bodies who are members of this body. I wish however, Sir, to refer briefly to the latest exposition of the Government of India's own position in this matter which is contained in the Honourable Finance Member's Budget speech. I refer to that part of his Budget speech which has the heading, "Review of Currency Policy". It commences with paragraph 101, and whilst there are explanations given about the various steps against which criticism has been levelled with regard to the currency policy of the Government of India during the last few months particularly, I should like to touch upon one point which I think requires not to be let pass without further refutation on our part.

I refer to paragraph 108 of the Honourable Member's speech which has the heading, "Policy of Dear Money forced on Government." The conclusion of that paragraph which is in words which are in italics runs as follows:—

"But it has been forced on the Government—"it" meaning the policy of dear money—by those private interests who

for various reasons, nervousness as to India's future or a desire for speculative gain, are sending money out of the country."

I know it is very difficult for Government to tell us how much money has been remitted outside the country by persons who do not usually in the normal course remit money outside the country. For instance, the European who has his capital here in the normal course in ordinary years takes his interest or earnings on that money outside India. I presume the Finance Member could not have that in mind. What he must have had in mind is the allegation,—I may call it an allegation until the Honourable Member is able to give us figures; not that I disbelieve what he has said,—the allegation of large sums of money being sent out either owing to nervousness as to the future of India or for the desire of speculative gain. The class which does it for the latter purpose, namely, speculative gain, is a class which is not confined to India for it belongs more to the west than to the east, and it is a class which can be dealt with and has been adequately dealt with in the past by a currency policy, in which Government themselves have confidence and faith, a policy which they can pursue with the support of the commercial community who will not favour these speculators. The class then which the Honourable Member particularly can have meant to criticise is the class which does not do it for speculative purposes but does it because of nervousness as to the future of India. Now, I suppose the Finance Member will agree that if there is any set of people in the world to-day who in spite of the perilous condition of their currency has still faith in its own currency, it is the people of India. What they have no faith in is the policy by which that currency department is guided and controlled. What they have no faith in is therefore the absence of their own voice in the management of that department, and the reluctance of Government to respond to or listen to criticism levelled at their policy in the best of spirits and with the best of motives. Sir, this very Federation and this very platform has criticised the Government policy for more than four years now. Every Finance Member,—and the Honourable Sir George Schuster has been one of those,—has been good enough to come here and listen to our wails and our tales of distress; and I am afraid he will have to admit that very little has been done till now to meet what we have put before him personally on this platform and generally before the Government of India both in speeches and in writings which certainly had not been wanting on the side of being equivocal. I feel, Sir, that the people of India

have yet faith in their currency and in the rupee. But the rupee has been so ill-treated, if I may say so, by the Government of India themselves that if they found that people who understand something about the underlying forces of the mismanagement of currency take their money outside India where they earn 6 or 7 per cent in gilt-edge securities, and put the money in foreign countries earning only 3 or 4 or 4½ per cent, surely I say to Sir George Schuster that if he were a private citizen of India and not the Finance Member of India, I do not know if he himself may not have done it. I therefore appeal to Government once more in consonance with the latest paragraph in Sir George Schuster's own speech at the Budget time which I will quote a little later, I appeal to him to rise to the occasion and to show to the people of India that the Government are anxious to help the people of India to retain confidence in their own currency. In the latter part of the Finance Member's speech he gave vent to some sentiments which I am sure this Federation will appreciate wholeheartedly. I know that in the other country, in England, he has been criticised very strongly and very unjustifiably; but unfortunately what has been happening in the last few months is that what is good for us is not good for the die-hards in England; and what meets with their approval in London, especially of the die-hard school, we consider to be deadly poison to us. But, Sir, for this sentiment which Sir George Schuster has expressed in his speech I am sure we are all thankful to him and appreciate him. He said in para 125 of his speech:

> "In such circumstances, in the case of a business, if I may continue that analogy, the parties concerned, if they were upright and sensible men, would surely say "We must co-operate during the period of preparation." "

And in the very last paragraph speaking personally, he said:

> "I have tried in these proposals to measure the needs fairly and to meet them fully, guided above all things by the purpose of handing over a sound business to my successor."

These are very laudable sentiments and I have no doubt that Sir George Schuster means them in sincerity. May I ask him if he will look upon this Federation as a set of people who are upright and sensible men, as a set of people who feel no less for their country, and will not allow of anybody else, including His Majesty's Secretary of State for India, to say "I can feel more for the

cultivator of India than you Indians can." I would protest against that; and if Sir George Schuster will give us credit for these two things, I say to him, "Here is a set of people whom you indicate in para 125 of your speech." Would he look upon us as businessmen and not as mere politicians? Does he regard us as anything but men who try to take to politics only when we find that as businessmen we cannot get our due and cannot get any redress? Very few here like to go to political meetings if they found that their business, the economic fabric were being run on the correct lines. (Cheers).

These are the qualifications of the Federation, which I would challenge anybody to deny. I invite Sir George Schuster to enlighten us, to take us into his confidence, and we will be the first to go out to the country and proclaim that the Indian currency system is sound and that the system requires that every one should stand by it. I invite Sir George Schuster in consonance with the sentiments he has expressed in the two paragraphs which I have quoted, to take the people into his confidence. I invite him further to exchange views—I do not know whether he would like to do it —by the appointment of a committee. We have heard it said that if a committee is appointed by the Government of India the exchange becomes weak. But I ask, why should a committee be appointed only for the purpose of considering the ratio? Are there not other weaknesses in the currency policy of India which require looking into? Are not our gold resources being depleted? Is not our gold backing to our currency to-day weaker than it was in 1914? In fact, is it not weaker, taking the note circulation, than it was in 1901? What progress have you made in the Currency Department? Is it not up to you as those who are nursing the baby of to-day in order to hand it over to an Indian cabinet a year or two later—is it not up to you to take the people of India into your confidence? Perhaps you will be doing yourself a lot of good and you will be sharing responsibility with them. Is it not in your own interest not to keep on managing the currency in a manner which at least some people characterise purely as callous and unresponsive to popular opinion? Is your exchange question so weak such an invalid that it cannot stand the appointment of a committee or consultations by the Finance Member with people who understand the problem and who have a stake in the country greater than any number of Europeans in India have to-day? I say that our stake, the stake of all of us who are permanent residents here, natives of India, is greater than the stake of the whole of the European commercial community multiplied thousand times over.

(Cheers). I ask you in all equity and morality, what right have you to pursue a policy which has been challenged by the Indian commercial community and the Indian public for the last so many years? I do hope that acting up to these laudable sentiments that Sir George Schuster has put in both on behalf of the Government of India and on his own behalf, he will be able to tell us something to-day which will give strength to his currency department and to the currency of India.

One word more and I have finished. It has been said that there is a retrenchment committee to be appointed and that the Assembly has nominated members for it. May I put it to Sir George Schuster that the day of a little cut here and a small cut there is long gone past? What we want off now is crores and tens of crores in the expenditure of the Government of India, and nothing in the shape of a few lakhs here or there will help. As a financier, every one of us appreciate that every pice saved is a pice gained and lessens taxation to that extent. But the problem has gone outside these small calculations of thousands or lakhs of rupees. It has now come to lopping off something in the neighbourhood of 15 crores out of the Government's budget.

In 1927, when Sir George Schuster's predecessor carried through the Assembly the Ratio Bill he put forward before the provinces the bait of a reduction of provincial contributions; and he said unless they agreed to the 1s. 6d. ratio there would be no remission of provincial contributions. I had then suggested that if the Assembly understood the ramifications of the new ratio which was then proposed, the Assembly would say "We would rather have new taxation of six crores to-day than allow you to play havoc with our cultivator and our industry and commerce." Less than four years have passed since then; and to-day it is not I who talks about the 1s. 4d. ratio; it is the representatives of the cultivators and the zemindars who have been clamouring about it. All that I can say is the cultivator has suffered a lot; the cultivator however will suffer more if more of India's gold resources are allowed to be frittered away; and I therefore ask the Government of India and its representative here to tell us what their policy is. I move the resolution. (Cheers).

Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta): Sir, I beg to second the resolution that has been so ably moved by Sir Purshotamdas Thakurdas. We have seen that during the last 11 years the exchange has not lived for the country, but it

is the country that has lived for the exchange. On the altar of the exchange the currency department has been made bankrupt; the country has been mortgaged, and taxation upon taxation has been levied upon the people of the country for the primary reason that the bad ratio of 1s. 6d. must be maintained, that it must be maintained not in deference to Indian public opinion but in spite of it, that it must be maintained because the City of London and the Secretary of State want it. If the interests of the country had at all been considered, this exchange of 1s. 6d. would never have been put on the statute book. But if by a mistaken reading of the situation the Government of India thought fit to impose it upon the country, the subsequent economic developments in the country would have opened their eyes and they would have set the matter right. But they have not only failed to do so; they insisted on refusing to do the correct thing by the people of this country. We are told in the despatch of the Government of India that Indians cannot be trusted with the management of the Finance Department because the maintenance of the credit of this country unimpaired must be looked after. Who are the gentlemen who teach us that the maintenance of the credit unimpaired of this country must be looked after? These are the gentlemen who have raised loans amounting to not less than 121 crores of rupees during the last year as against the budget estimate of 51 crores; these are the gentlemen who have reduced our gold reserves by not less than 123 crores of rupees during the 2s. and 1s. 6d. regimes, and these are the gentlemen who have reduced our gold resources to as low as 16 per cent of the total note issue. Does it lie in their mouths to say that the Finance Department cannot be entrusted to responsible Indian ministers and that they will not be able to manage it? Is this the way in which the credit unimpaired of this country will be maintained? If that is their reading of the situation, I must say that a new dictionary has got to be developed for the English language. I hope that on the eve of the political situation, namely, when the Finance and Commerce Departments are going to be transferred to popular control, I do hope that on the eve of that transfer of responsibility, without waiting till that time comes, the Government of India will trust responsible Indian opinion and act according to their wishes, according to the light that they have in them, in order that the policy that may now be pursued may be followed hereafter when they get responsibility to administer their affairs. It is no use telling us that the financial department will not be transferred to popular control until sufficient gold reserves which have been decimated and depleted will be built up and a Reserve Bank can be established. Let them know

that India will not listen to it. India will not listen to anything the effect of which would be that the Finance Department will not be transferred to popular control. India has no longer the slightest confidence in the way that the Finance Department has been managed. (Cheers).

Mr. Kasturbhai Lalbhai (Ahmedabad Millowners' Association, Ahmedabad) in supporting the resolution said:—

Sir, After the exchange debacle of 1920-21 when Government of India changed their policy and appointed a financial expert as the Finance Member of the Government of India it was anticipated that the currency and exchange policy of the Government will be based on sound principles.

Sir Basil Blackett himself laid much stress on his achievement in restricting the Government borrowings to Indian market only, and that too at reduced rates of interest. What do we find instead to-day? The Government had to resort to large borrowing in the London market at high rates of interest when money is cheap all over the world. This is the legacy left by Sir Basil in his mistaken policy of fixing exchange at 18d. Consequently the Government securities have depreciated considerably. This is at a time when due to unprecedented slump in the commodity prices the trade demand is slack and the securities of foreign countries with a four or five per cent yield are at a premium of 5 to 8 per cent.

At the same time Government are borrowers in the open market to an unlimited extent paying as high as 6 per cent and over for three months treasuries. This is having a serious effect on the finance required by the industries and trade.

The year 1930-31 has been a phenomenal year in restricting the imports of piece-goods from foreign countries to more than 50 per cent. Inspite of it Indian mills had great difficulty in disposing of their produce because the purchasing power of the people has been considerably reduced. Businessmen all over the world would naturally prefer a stable exchange and it may appear to be an anomaly that the Federation of Indian Chambers should be advocating to stop further efforts at maintaining the exchange at 18d. This is not because they do not understand their interest but they have to choose between the two evils, i.e., the fixity of exchange or frittering away the gold resources in the currency reserve in trying to maintain an artificial exchange and they have decided to choose the lesser evil.

Sir, I support the motion.

Mr. B. S. Dabke (Maharashtra Chamber of Commerce, Bombay), in supporting the resolution said:—

Mr. President and Gentlemen, I have great pleasure in supporting the resolution moved by the esteemed leader of the commercial community, Sir Purshotamdas Thakurdas. There remains, therefore, now very little for me to say in this matter. I will only deal with two or three points of this resolution as briefly as I can.

The Deflation of Currency and Fall in Commodity Prices.—

The Honourable the Finance Member, in his last Budget speech, has made a few observations, in anticipation of the criticism about the Government's Currency Policy. In course of his speech the Finance Member has said "that the reduction in the volume of currency in circulation is by no means excessive, having regard to the fall in prices and the diminished money value of business transactions. Our contraction has been a necessary consequence of, or sequel to, the fall in the world prices. It cannot be regarded as a cause of that fall." He has also shown by a few currency figures between the 1st of April 1926 and 31st December 1930, that the contraction of currency is about 18 to 20 per cent, whereas in the same period, the Calcutta Index number of wholesale prices fell 31.5 per cent, and he draws a convenient conclusion that the percentage reduction in the amount of currency in circulation is, therefore, small in comparison with the percentage reduction in prices. But the Calcutta Index number of whole-sale prices cannot be said to accurately represent the movement of prices in India. India is a large country, almost a continent like Europe minus Russia. The Index number of whole-sale prices for instance of Rome in Italy will not be an accurate Index number for the whole of Europe. Similarly, the Calcutta Index number cannot be an accurate Index number for the whole of India. Better method of keeping statistics on lines similar to those obtaining in the United States of America, where they have carried it to a higher degree of perfection should be adopted in this country, if they are to prove more useful. Incidentaly I have to suggest that the Government of India should divide the whole of India and Burma into 10 centres of convenient sizes and Index numbers should be taken at all these 10 centres. From the Index numbers prepared at these 10 centres, an average Index number for the whole

of India and Burma, should be calculated. This average Index number of 10 centres of India and Burma will accurately represent the correct trend of the level of prices in India and Burma. As the prices of almost all the agricultural products of India have touched the lowest level now, this year (1931) should be made the starting year for the Index numbers of 10 different centres of India and Burma. No excuse of the want of funds should be put forth to shelve this subject of statistical enquiry for the scientific study of the economic problems of India. Now if prices in India must follow world prices they should not register a greater fall here than they do in other countries. But the fact is that they have fallen to a greater extent in India than they have done elsewhere. It is evident, therefore, that there must be some special reason, apart from the world factors, for this great fall in prices in India. I submit, that it is not the fall in prices that has necessitated the excessive contraction in currency but on the contrary, I may observe that it is the very policy of contraction of currency, that has led to this unjustifiable fall of prices in India and has impoverished the Indian peasants and ultimately further accelerated the fall of world prices.

The Honourable the Finance Member, while replying to Sir Purshotamdas Thakurdas, on this very resolution last year has said "From 1922-23 to 1924-25 there were exceptionally good monsoons, and the prices of one or two commodities in which India is particularly interested, such as cotton, showed exceptional recovery. The people of India in this period did accumulate quite substantial reserves." This was a period, indeed, of rising prices and it would have continued or at least there would not have been a set-back if the Government of India would have continued the normal expansion of currency as they did in pre-war years. But if they would have maintained the same expansion as they did in pre-war years, the fall in prices would certainly have been arrested. But since the first April 1926, a policy of contraction of currency was followed by Government instead of one of normal expansion as they did in pre-war years. The total contraction from April 1926 to December 1930 amounted to Rs. 96 crores. From these significant figures of the contraction of currency by the Currency Authority in India, I leave you, Sir, to draw your own conclusion, whether the decision of the Government of India since 1926 to work for a permanently higher ratio than 16d., Gold and which forced the Government to embark upon a policy of ruthless deflation is responsible for the present heavy fall in prices here as also elsewhere in the world. The fall in the world prices commenced after the Wall-Street crash

in New York, on or about October 1929, whereas it was gradually brought about here by the deliberate policy of deflation since the 1st April 1926.

If we study the Bank rates of the Reserve Banks of important countries like U. S. A., United Kingdom and France, we find that the fall in prices is always followed by easy money, and after the fall the Bank rates of these countries have been reduced from 5 or more per cent. It is also reported that the Federal Reserve Bank of New York, and the Bank of France, are considering a reduction in the present rate of 2 per cent to 1½ per cent, whereas the Bank rate of the Imperial Bank of India has been maintained at an average rate of about 6 per cent and a fraction more since 1927 when the statutory exchange ratio was fixed at 1s. 6d. If we very carefully analyse the Bank rate of the Imperial Bank of India, we find that the maximum rate during the last 4 years was 8 per cent and the minimum was 4 per cent only for a period of 5 weeks from 28th July to 7th September 1927. It is significant to note that since 1915 the Bank rate never touched 3 per cent as it used to do during pre-war years. Besides there is a great discrepency between the Bank rate and the call money rates of Calcutta and Bombay. When the call money rate in Calcutta was 2½ per cent in May, 2 per cent in November and 1½ per cent in December 1929 the Bank rate was 7 per cent throughout these months. You will see, Sir, that India follows the fall in world prices but does not follow the world in the matter of availability of easy money. The inference, Sir, is simple and irresistible, but I leave it to your judgment.

How the Convertibility of the Currency of the Country is Threatened.—I will now attempt, Sir, to show how the convertibility of the currency of the country is threatened from the weekly abstracts of the accounts of the Currency Department. On 22nd March 1931 the notes in circulation were Rs. 158,29,91,000. As against this circulation the Reserves held in gold and silver coins and Bullion and also rupee securities in India were as under:—

Silver Coin in India	Rs. 116,28,04,000
Silver Bullion in India	Rs. 6,71,23,000
Gold Bullion in India	Rs. 25,07,00,000
Rupee security in India	Rs. 10,23,64,000
Total	Rs. 158,29,91,000

The total of the reserve of its metallic portion and investment portion exactly equals the value of the notes in circulation.

Now, if we analyse the two portions of the Reserves, viz., Metallic portion and Investment portion, we find that it consists of silver coin, silver bullion and gold bullion, all held in India now. If we take the total of the silver coin and silver bullion it comes to Rs. 122,99,27,000. This is the book value of the Reserve, and if we are to be satisfied with the book value, then the silver holdings of the Reserve, alone, amount to 77 per cent of the total value of notes in circulation. But is this correct estimate of this important asset of the metallic Reserve? When ascertaining the real market value of the assets and liabilities of any going concern what method do we follow? Do we take the book value of the assets or their market value. The answer is very simple. We calculate the market value of the assets. We must, therefore, take the market value of the silver holdings of the metallic Reserve. As far as the portion of the gold bullion of the metallic Reserve is concerned, we take its value as it is, as there are no fluctuations in the gold value. But such is not the case with silver holdings of the Reserve, silver coins form the largest portion of the metallic Reserve. The price of silver in London is, 13d. per oz. A rupee contains 11/12 fine silver. The value of this silver in a rupee at the exchange rate of 1s. 5 25/32d. comes to about As. 4. Therefore. the market value of the silver holdings of the metallic Reserve will dwindle down to ¼ of its book value, Rs. 122,99,27,000; ¼ of this is Rs. 30,74,81,750; if we add to this the value of the gold bullion, the total comes to (30,74,81,750 plus Rs. 25,07,00,000) Rs. 55,81,81,750. Thus the percentage of the metallic portion of Reserve according to the present market value of silver in London to the total value of notes in circulation comes to about 35.2 per cent; the percentage is not 50 per cent of the total value of notes in circulation, which is required by the Indian Paper Currency Act of 1923.

Up to the year 1927 the weekly statements issued by the Currency Department used to contain footnotes regarding the composition of rupee and sterling securities in the Paper Currency Reserve. The foot notes disappeared after 22nd April 1927. They were very valuable. The Indian Merchants' Chamber of Bombay drew the attention of the Government of India, Finance Department, but the reply received was that "It was not desirable to give more information in this matter than is required by law."

From the weekly statements that are now issued by the Currency Department, we are not in a position to know the composition and kind as well as nominal and purchase price of the rupee

security held in India to-day. But they amount to Rs. 10,23,64,000. We do not know their present composition. But from the report of the Controller of the Currency for the year 1925-26, we find, that the composition of the rupee security in India was made up as:—

Rupee Securities—

	Nominal Value. Rs.	Cost Price Rs.
3½ per cent loan of 1842-43	8,15,95,000	8,00,00,000
3 per cent loan of 1896-97	2,04,86,500	1,99,99,945 10 0
Total	10,20,81,500	9,99,99,945 10 0

If we take the present market value of the above two securities it will be about Rs. 5,04,00,000 of 3½ per cent loan of 1842-43 at its present rate Rs. 63; and Rs. 1,08,00,000 of 3 per cent loan of 1896-97 at its present rate Rs. 54. But of these securities worth Rs. 2 crores of 3½ per cent were sold in 1927, and as far as it can be conjectured, there are rupee securities of 8 crores of 3½ and 3 per cent; and 2 crores of Treasury Bills. If we leave aside Treasury Bills worth 2 crores of rupees, the present market value of rupee securities will be Rs. 4,86,00,000 against their book value of Rs. 8 and odd crores. The present market value of the investment portion of the paper currency Reserve will therefore, come to about (Rs. 4,86,00,000 G. P. notes of 3 and 3½ per cent and 2 crores of Treasury Bills) Rs. 6,86,00,000.

Thus the present market value of the Paper Currency Reserve is made up as:—

Gold Bullion	Rs. 25,07,00,000
Silver Coin and Bullion	Rs. 30,74,81,750
Securities in India	Rs. 6,86,00,000
Total	Rs. 62,67,81,750

This is the present market value of the total paper currency reserve and its percentage comes to about 39.6 to the total value of notes in circulation, viz., Rs. 158,29,91,000.

The Indian Paper Currency Act of 1923 lays down the proportion of the metallic Reserve to the total value of the paper currency

in circulation at 50 per cent. If metallic reserve be interpreted to mean Rs. (as it can be interpreted according to the strict letter of the law) then Indian Paper Currency Reserve, to-day, is in an excellent position of having a Reserve of about 93.5 per cent, but rupees are after all token coins and keeping a large Reserve of rupees is no guarantee for conversion of the paper currency into gold. What is necessary, therefore, for the Government is to build up such a metallic reserve as will enable them to convert their currency into gold. In other words, Gold Bullion or at the most gold securities should form the main portion of the metallic reserve. Instead of this, silver coin and bullion, alone form nearly 77 per cent of the present reserve. But if we take the market value of the silver contents it comes to only 35.2 per cent, so that the proportion of the gold value of the metallic reserve to the total value of notes in circulation is only 35.2 per cent. The extent of this evil is even more clear when it is remembered that under the currency act of 1927, the Government of India are under legal obligation to convert the local currency into gold at specified statutory rates. Under the circumstances the present Reserve is woefully inadequate and threatens convertibility of the currency of the country in view of the falling prices of silver throughout the world, and the major portion of our metallic reserve being held in silver coin and bullion (about 77 per cent) and gold holdings of the paper currency reserves being exhausted for meeting remittances to the Home Treasury and thus supporting artificial ratio of 1s. 6d.

Lastly, I say, Sir, that we are not fighting for the old ratio for the sake of sentiment, nor is it a mere fetish with us. It is our honest conviction, that, this ratio has ruined agriculture, industry and commerce and also affected labour. It is at the bottom of all the ills that afflict the country to-day. Our object in patiently pursuing this fight for the change in ratio as also in the present currency policy, is to convert the Government of India to our views. We are offering our hand for co-operation to the Government of India, for furthering the cause of the country and if the Government of India will drive out of their mind false notions of prestige and rise to the occasion, there will be no difficulty in finding a solution.

With these words I now support the resolution.

The Conference then adjourned for lunch till 2-30 p.m.

SECOND DAY'S PROCEEDINGS.

April 8th. 1931—Afternoon Session, 2-45 p. m.

The Conference re-assembled after lunch at a quarter to three in the afternoon, with Mr. G. D. Birla in the Chair.

Government Member: The Hon'ble Sir George Schuster, K.C.M.G., C.B.E., M.C.

The Chairman: I have to call upon Mr. Rajendra Somnarayan to speak, and Mr. Sidhwa also wants to speak for five minutes. Although Mr. Sidhwa's name is not on the agenda, I think I may allow him to speak first.

Mr. R. K. Sidhwa: Mr. President, the resolution which has now been moved by Sir Purshotamdas Thakurdas is a resolution which is being moved and passed by this Federation every year since the last four years in as strong terms as possible, and in equally as strong and vehement terms as possible has the Finance Member of the Government of India opposed it in spite of the eloquent speech of Sir Purshotamdas Thakurdas containing facts and figures which have been quoted by Sir Purshotamdas Thakurdas every year. Sir a year and a half ago when the Honourable the Finance Member visited the Indian Merchants' Association of Karachi, the President of our Association casually remarked about this ratio subject, and the Honourable Sir George Schuster not only strongly opposed it but he ridiculed the idea of referring to this matter over and over again. Sir, there is no denying the fact that now the question of this ratio has not only affected the commercial interests of India but has affected the very root of the economic condition of India and thereby has affected immensely the peasants and cultivators of the land. I do not desire to describe all the instances, but I do feel I must quote the instances where people of this country who have felt immensely on this issue and some of our members from our member-bodies have courted jails and have suffered long terms of imprisonment, during the last civil disobedience movement, not for any other reason, but for the fact that this ratio question had extended immensely the poverty of India. Sir, Mahatma Gandhi has made this ratio question one among his fourteen points, and we are certainly indebted to the Indian National Congress for taking up the cause of commercial interests, and to-day the question also constitutes a plank of the conditions of settlement with the Government on the constitutional issue. All these factors are there, and we do not know

what astounding and startling statements the Finance Member is going to make to-day in response to the appeal made by Sir Purshotamdas Thakurdas. He has been making speeches in this House every year and making appeals to the Government for the past 4 or 5 years and I for one have been always disappointed. Sir, no one would be more glad than myself if any pronouncement is coming to-day from the Finance Member showing the change of heart or the change of policy which they have adopted since the last five years. I for one do not attach any great importance to the quotations made by Sir Purshotamdas Thakurdas from the statement made by the Honourable Sir George Schuster during the Budget discussion. That was to the effect that he desired to hand over the finances of India in a very sound condition to the people of India. I do not know what that means. "Sound condition," according to Sir George Schuster, may mean that he considers that the present condition of the finances is sound and therefore he desires to hand it over to the people of India through the Indian Cabinet in that sound condition. I therefore desire to-day to state that in view of the adamant policy adopted by the Government of India, it is no use passing such resolutions; I would have rested content with the Federation passing to-day one or two main resolutions on the impending changes of constitution and one or two other similar resolutions: but when they have taken up so many other matters including this one question of the ratio also, I think we must do some practical business rather than pass these resolutions every year which are really very important as affecting the people of India but to which the Government always makes a very callous response. I therefore appeal to the Executive Committee that they should find out some practicable methods by which this resolution could be put into force effectively and whereby they could bring the Government of India to their knees. If I have to throw some suggestion, I would suggest to the Executive Committee that they should appeal to all the exporting businesses in India that they should confine their business to the foreign countries only excepting the British countries. Sir, It may be urged that this would not be a wise policy. Well, for the present Government, which is not responsible to the people, I consider this a very reasonable weapon to apply, and therefore I for one feel that the Executive Committee, which really feel that this issue has very wide and great importance, should find out practicable means to give effect to this resolution instead of our every year coming to this House giving expression to our views, the Finance Member giving his point of view, and so on and so forth,

Sir, we feel that we are honest in our desire, and the Finance Member also feels that he is honest in his own view: therefore it is up to us—just as the nation showed to the Government of India by taking up the challenge which was thrown by the Government of India and starting the civil disobedience movement —similarly, we must take some measures ourselves to show to the Government of India how intensely and keenly we feel on this issue so that they might really realise the whole situation. With these words, I resume my seat. (Applause).

Mr. Begraj Gupta (Marwari Chamber of Commerce, Bombay) said: Sir, the Currency and the Exchange policy of the Government of India, since the last great war has been very much prejudicial to the interest of the country as a whole and to the trade and industry in general. I need not go back into its history, as the House, I have the honour to address, knows it fully well. First the Exchange ratio was 1sh. 4d. and it was later on raised to 2sh. and was again reduced to 1sh. 6d. Thus there have been many variations in the ratio. It does not therefore behove the Government to declare that the ratio is a settled fact as it is quite clear from what I have stated above that the Government has so often been changing it in the past. Besides that there is no such thing as settled fact in politics much less in economics which is mostly and chiefly governed by the laws of supply and demand. The British statesmen have many a time pledged that the gold standard system would be introduced in India, but in fact they never cared to give a practical shape to their assertions; but on the other hand their policy has been quite the reverse. It is a significant fact that the rupee coins held by the Government as well as by the public, amount to nearly 350 crores, which at the market value of silver is worth Rs. 117 crores. This leaves a deficit of about 233 crores of rupees, against which the Government hold only Rs. 55 crores in gold reserve fund. I fail to understand how under such circumstances is it possible for the Government to make India a gold standard country. Indian Government has always to pay the following obligations: (1) Home charges; (2) unfavourable balance of trade; (3) interest on money borrowed abroad. The second obligation requires some explanation. India being an agricultural country, its export consists chiefly of agricultural produce. The total output of the agricultural produce all over the world has increased abnormally and has resulted in a general fall in prices of all those commodities. Hence the exports have fallen considerably. At present therefore the position is that our exports do not exceed much our

imports and in order to maintain the ratio at 1-6 the Government has to take recourse to drawing the reverse council bill and thus to raise money. If the Government were to go on raising sterling loan in London the credit of the country would suffer and would ultimately reach the point of bankruptcy. To save the situation there is no other alternative but to reduce ratio. The question is how much should it be reduced. My considered opinion on this point is that the Government must not only restore the ratio to 1-4 but should reduce it to 1 shilling or less than that, as the prices of silver have gone down much below the prices existed at the time the Commission considered the exchange ratio question.

The interest of our country demands that the Government must change its currency and exchange policy and leave the exchange ratio to be adjusted automatically in due course by the laws of supply and demand. If however the Government is bent upon having the exchange ratio regulated by legislation it should better fix it taking into consideration the present comparative value of gold and silver. This will in my opinion solve the economic problem of the country which faces it at present.

Gentlemen, I have briefly put the case before you and I trust I have convinced you that it is most imperative for the Government at this juncture to reduce the ratio at once without waiting any longer if it really means to safeguard the interest of our country as a whole.

Mr. Rajendra Somnarayan (Native Share and Stock Brokers' Association, Bombay): Mr. President and Gentlemen, too much stress was put by the Hon'ble the Finance Member when the proposal was discussed by the Assembly and much had been made off on account of an individual opinion from one important member, the President of the Association, to which I have the privilege to belong. But no notice was taken by the Hon'ble the Finance Member of the unanimous opinion of my Association which, barring no doubt two or three members, resolved a day after that 1s. 6d. is a ruinous ratio as far as India is concerned. Besides, while His Excellency Lord Goschen was in charge of the Viceregal affairs, my Association sent a memorandum and in spite of the short time at our disposal, we were able to obtain signatures of prominent citizens in tens of thousands from Bombay. A copy of the memorandum was also sent to His Excellency, the present Viceroy, in England, but the memorandum has been

shelved. All arguments from India met with one reply only, namely, that we know India's interest the best, we tell you that 1s. 6d. as it stands, is the most advantageous ratio, that it ought to be so maintained in the present circumstances and that India ought to support whole-heartedly what wise men at the Imperial Secretariat consider the best in the interests of India, whose interest is much more nearer to their heart than with those who represent important Indian commercial bodies, and that those who are not of Government's opinion are a pack of goats growling 'Daran, Daran', and so ought to follow the shepherd who carries a big bamboo-stick. But let me assure the Hon'ble the Finance Member that India has passed the stage of 'Daran, daran', has become 'Nidar' bolder and all his arguments and of those who support him are falling on deaf ears and India is more in a mood to confide into their own business representatives and that Indian opinion carries more weight with the masses. If Hon'ble the Finance Member cares to take public opinion, I am sure that he would find that out of 33 crores there would be hardly a few who would be on his side. Sir, world depression has been assigned as the reason of the setback on all sides in season and out of season. But while the world politicians look to it in a motherly way, the Mabap here act in a step-motherly fashion as India is not free to act in her own advantage. Sir, we have had enough of wait and see and what we want now is that they should act in a manner which would satisfy India's legitimate aspirations. With these words, Sir, as a representative of the Stock Exchange, I beg to support the Resolution.

The Hon'ble Sir George Schuster: Mr. Chairman and Gentlemen, The last speaker has suggested that his appeals fall on deaf ears. Sometimes when I have listened, as I have done to-day, to debates on this question, I am tempted to wish that my ears were deaf, and I am sure that all who are present here to-day will at least have some feeling of sympathy with me in this particular respect. One of the speakers—and perhaps he talked at least in the clearest sense of all,—said that unless I were prepared to show a change of heart to-day, the time for words had gone by and the time for action had come. He suggested that anything that I could say was already discounted, that he did not wish to listen to arguments, but that all he wished for was the sign of a change of heart. Gentlemen, I venture to say that my heart has always been in the right place as regards India. I do not think that I need a change of heart so far as my desire to work in India's

interests is concerned, and I venture also to say that these matters are not matters—however much we should desire to do so—that can be decided according to the dictates of our hearts. We have to use our heads. If I could do it with my heart, no one would be more anxious than I should be to meet any such general desire among the commercial community of India. But my job is one which must be done with the head and I cannot, while I hold it do what my head tells me to be wrong. Now, Sir, that means that this case ought to be met with argument and I am in a great difficulty in the matter to-day because the speakers for the Resolution have been so very brief. They have, in fact, used very little in the way of argument and I seem to sense a desire on their part not to hear very much argument in reply. Therefore, I wonder whether I ought to attempt to go at length into the whole question at all. But I would like at least to deal with some of the points in detail, to go over the considerations which influence my mind on the matter and to take this very important opportunity to put before you certain considerations which I do think that in the interests of this country you ought not to ignore.

Sir, this is a very old question; it is, indeed, difficult to say anything on it that has not in a sense been worn threadbare. Many of us will agree in one thing that we wish. I am sure we all wish that this question of the ratio could be removed from our midst and that this Federation could meet from year to year without having to discuss currency policy. But I venture to say that whatever we do now, even if your wishes could be met by me in a way which all of you would accept, which I should find difficult because I think some of you want one thing and some another,—but even if the wishes of the majority could be met, I venture to prophesy that currency questions will still come up in the future at the meeting of the Federation of Indian Chambers.

Sir, currency policy is a matter which is very much before the world to-day. It is a question on which the world has not yet attained the fulness of wisdom. I believe—and at least to this extent I agree with a great deal that many speakers have said—that a great deal of our troubles in the world to-day are due to an unwise management of currency policy. I believe that by a wise currency policy a great deal of the trouble to-day could have been avoided. But when I have said that I have said as much as I can say in agreement with what has been said on the other side, because my view is that what is necessary in the world to-day is International co-operation in a wise currency policy,

International co-operation in a wise credit policy, and in the economic use of the world's resources of gold, which, after all, is the basis of all currency. That, I believe, is necessary. But I do not believe that the evils from which India is suffering to-day are due to any special malice or any special stupidity on the part of those who are responsible for India's currency policy. I think that to suggest the contrary is really to mislead the public because India has to face difficulties to-day which have to be faced by other methods, and if you say that all those difficulties could be removed by a change in the currency policy, then I venture to reply that to take that line is to mislead the public in an almost tragic way, tragic because it will divert attention from the things which really matter.

Now, Sir, the Resolution which is before us is really divided into two parts. The first part deals with the alleged evils of the currency policy of the Government and the second part makes certain recommendations. As regards the second part, there are three recommendations: firstly, that a vigorous policy of retrenchment should be conducted; secondly, that fiscal and currency policy should be conducted in the true interests of the country, the interests of economic development; and, thirdly, that the attempt to maintain the ratio at 1s. 6d. should be abandoned. Now, as to the first two parts of that portion of the Resolution, I may say that I am in complete agreement. I shall return to them again. But the controversial part is that which deals with currency. Now that question has really two sides to it. There is, first, the examination of what has been the results of the currency policy hitherto, and there is secondly the question what ought we to do now. I venture to say that discussion of the first part can only lead us into what is really no more than a barren speculation. It is no use trying to "job backwards" or to speculate on what might have been. The only question that matters to us is what ought we to do now. I venture to put the point before the Federation in that way. That is the keynote of the question that we have to answer, *what ought we to do now.* To go back over past history is really only of value in so far as it helps to clear our minds or to give pointers to us as to what our future action ought to be. It may for this reason be advisable and desirable to say something of the past, in order to avoid certain misconceptions, and, in that connection, the first thing that I want to say is this, that the real difficulty we are up against in India is twofold. There is first of all the crisis created by the unprecedented fall in prices, and the world, I venture to say, has

never been through such a fall in prices as has occurred last year. There have perhaps been wider fluctuations in the past; there was a bigger drop possibly in the collapse after the post-war boom, but there has never been a fall in prices which in its effect has been so serious, as that with which we are now faced, for it represents a fall of 30 to 40 per cent in the prices of prime commodities which comes not upon an inflated price level but upon a deflated world position, so that the full effects of it are felt by everybody. That is one side of the problem and that creates a maladjustment in the economic life of the country which somehow or other has got to be put right.

The second side of the problem is caused by what I have always described as the political uncertainty which hangs over India to-day. I shall revert to that again. Now as regards the first side of the problem, the point that I want to make in looking back on the past is this, that if exchange had been stabilised at 1sh. 4d. in 1926 instead of 1sh. 6d., India would have had to face exactly the same problem to-day as she is facing. Internal prices would have adjusted themselves to that level of exchange, just as they had in fact adjusted themselves to the 1sh. 6d., ratio, and the percentage fall, which has that effect which have already described of setting up a maladjustment in all the economic relations inside the country, that percentage fall would have been just as heavy. I think it is important to remember this and I believe that all who think seriously on this question will agree with me that that is not an incorrect statement. That sort of situation which is created by this fall in prices has got to be dealt with by direct and straightforward methods. I do not believe that there is any short-cut by which it can be got over. India must face it just as the other countries of the world has got to face it. India has no special claim for dealing with it by juggling about with currency values. India has no special wisdom which will enable her to find a solution which is not open for other countries of the world. I venture to ask members of the Federation who are here to-day to let that sink into their minds because one of the dangers of the present ratio controversy is that it diverts everybody's attention to one particular measure and makes them think that if one particular feature were removed, all the troubles would be over. The world unfortunately is a more difficult place than that, and, whatever you do as regards the currency, the main problem, I assert will still remain.

Now the first part of the Resolution states that the currency policy has reduced the purchasing power of the people. I have

found it a little difficult to understand what that means. Does it mean that the purchasing power of the people would have been higher if the ratio had been fixed at 1sh. 4d., in 1926? Does it mean that it could be made higher if the ratio were fixed at 1sh. 4d., or some lower level, now? I am at a loss to understand what that particular part of the Resolution means. If you take the general purchasing power of the country, and then if you want to test what the fixing of the ratio at 1sh. 6d., meant, what effect it had on the country, then I maintain that you ought to examine the indices of the economic wealth *as they were in the years after the ratio was fixed at that level.* I further maintain that if you do that, you will find that on all the ordinary economic indices of wealth the country maintained its level of prosperity. There was no tendency,—as has often been stated as the tendency of too high an exchange,—there was no tendency for imports to be encouraged and exports to be reduced. On the contrary, if you take the four years after the ratio was fixed, and compare that period with the four years before, you will find on an average a much greater volume of exports and actually on an average a much smaller value of imports. On all the other indices, the savings of the country and everything else, I defy any one to say that the years after the ratio was fixed at 1sh. 6d., gave indication of an adverse tendency in the country. What has happened is this, that India has been caught up in this general slump now, and we are feeling the effects of what the rest of the world is feeling and it is convenient to relate that to the ratio controversy, and to say that if we could suddenly reduce the value of our currency, we should be more easily able to bear the effects of that fall. That, I maintain, is a wrong way of looking at the situation, a situation which had adjusted itself to the old ratio. If you want to alter it you have no special reason for doing so which is not present in any other country in the world to-day. I must assume that there is a definite meaning in that particular part of the Resolution and I take the meaning to be this, that although the purchasing power of the country, as a whole, may not be altered by the value of its unit of currency—and that I think must be accepted as a self-evident fact, the purchasing power of the country depending really on the goods which it produces—although that result may be accepted, yet what is meant is that the purchasing power of particular classes may be adversely affected. And I think the class which is in the minds of most people when they talk on these matters is the class of agricultural producers. What is felt as regards the position of the agricultural producer is that his fixed burdens which are

measured in terms of rupees are proportionately heavier according to the value of the rupee, that is to say the higher the value of the rupee, the heavier the burden of his fixed charges. Of course, if the value of his produce falls in terms of rupees and his fixed obligations, for interest, rent and taxes remain the same, then obviously he has a smaller margin of purchasing power. That is quite obvious and if you could reduce the real value of the rupee so as to reduce the real value of his fixed burdens, obviously you could make his position better. But is that—and this is the argument which I used last year and I do not want to dwell on it too long—is that the right way to deal with the situation? Is it fair as between the various classes of the country? Remember when this argument is brought forward that it is very easy to take one particular class and point out how the interests of that particular class may be improved, but it takes many classes to make a country, and if you juggle about with currency values, you may benefit one class, but you will surely damage another. Of course the effect of the Resolution would be to benefit everybody who has fixed payments to make and to damage everybody who has to receive fixed payments. When we talk in terms of the agricultural producer on the one side and of the people to whom he has to pay rents, his landlords to whom he has to pay rents and the money-lenders to whom he has to pay interest and the Government to whom he has to pay taxes, the public sympathy, perhaps naturally, is all on the side of the agricultural producer. But take other classes of people who are entitled to fixed payments. Take the class of wage-earners, for example, whose case is exactly the same. If you reduce the gold value of your currency, you reduce the real value of your wages. If that class is considered, surely the sympathies will be on the other side. These are, I know, all very elementary facts, but the point that I want to make—and I will not dwell on it much longer —is this that if you benefit one class, you damage another and if you want to create a fairer state of condition, the proper and honest way to deal with the situation is not by juggling about with your currency values, which may do great injustice, but by a direct attack on the particular conditions which require remedy. Now, before I leave this question of purchasing power, there is one rather curious fact to which I wish to call attention. The general suggestion of the Resolution is that the purchasing power of the country as a whole is reduced by maintaining an unduly high value for the unit of currency. Now, let us look at the other places in the world. We are shortly going to discuss the question of silver, and I have always understood that one of the

arguments, one of the reasons why people are internationally concerned with prices of silver is that silver is the basis of currency in certain other countries, particularly in China, and that a fall in the price of silver has reduced the purchasing power of China. That has been said over and over again. It has been said by many of those who have attacked the Government policy of selling silver, that we are upsetting the economy of the world because we are thereby contributing to the fall in the price of silver which has reduced the purchasing power of China. But China, if the value of its unit of currency is reduced by the fall in the price of silver, is undergoing exactly that condition which those who press for a reduction in the value of the rupee are seeking to create in India. Yet, we are told that in China to reduce the value of the currency is to reduce the purchasing power of the country, whereas, as regards India, we are told that to maintain the value of the unit of currency is also to reduce the purchasing power of the country. Now, this is not a mere dialectical argument. There is an underlying truth in it and I wish that members who are present here to-day would think it out for themselves. There is a great deal of inconsistency in the way in which these subjects are dealt with, and those who speak on them are apt to treat them in a way that suits the argument at the moment. As a matter of fact, my own view is that both the arguments are wrong. The purchasing power of the country does not depend on the value of its unit of currency. It depends on the value of the goods that it produces. China can purchase goods abroad by selling the goods which she produces. It does not matter what the value of her own unit of currency is; that is no more than a medium of exchange. The same thing applies to India. The purchasing power of the country as a whole will depend upon the value of the goods which the country produces, and the actual gold value of the rupee has nothing whatever to do with it.

Now, Sir, there are many other points in this Resolution which I had prepared to deal with, but I think possibly the time is getting on, and I do not wish to weary this meeting by going into many details. But there are one or two points on which I think I ought to say something, though I dealt with them pretty fully in my Budget speech. The two greatest complaints that are made against Government to-day are that our contraction of currency has been unduly heavy, and that in order to maintian a hold on the money market we have kept the interest rates unduly high and depreciated the credit of India. Now let me take

the last complaint first. I want to ask you to face the realities in this matter. If you wish to follow up the course of the credit of the Government of India in comparison with that of other countries, the best thing to do is to take some representative Government of India security and to consider the course of its prices in relation to some representative British security. A very good basis of comparison is to take the question for the Indian 3½ per cent sterling securities and to compare that with the price of the British Government 3½ per cent conversion loan. Now, if you make out a chart, or a graph, giving the fluctuations in prices of these two securities, you will find that for the last few years they had varied very much together, the Indian security always about the same number of points below the British conversion loan. You will find that the two lines begin markedly to diverge about November 1929. That,—if I may say so, and it is difficult to use words about this without leading to misunderstanding,—that period which began in November 1929 marked I think the first realisation in the outside world that really big constitutional changes were coming in India. That month gave the well-known statement of the Viceroy, and then a few weeks later we had an unfortunate event, the refusal of the Congress to take part in the Round-Table Conference and the launching of the civil disobedience campaign. I leave out the resolutions at the Lahore Congress because I do not wish to lay too much emphasis on those. I want you to face this question as a reality and quite impartially. It is not a question of blaming anybody or saying that it could have been avoided or that any insult to anybody is involved. The change in the status of India's credit really began, as I say, when people realised that important constitutional changes were coming as a reality. The outside public, I maintain, began to wake up to that for the first time about November 1929; and since then there has been hanging over India an uncertainty which is very unfavourable to investment in securities. It is that uncertainty which is really fixing the level of the prices of our securities in London, and it is the level of the prices of our securities in London which has really governed our position out here. I maintain it has nothing whatever to do with the short money rates which we have had to maintain in India. We might have had quite cheap money in India but unless we had been able to create confidence in the future which would have put up the prices of Indian sterling securities, there could not have been any very substantial rise in our rupee securities. Now, I ask you to consider that calmly and accept it as a true statement of the facts. I venture to think

that if you follow matters up on that basis you will find that I am correct. Therefore I do repudiate the charge that our policy of keeping control over the money market has damaged the credit of India. We are up against circumstances for which we are none of us responsible and which we can only improve by getting a measure of co-operation out here and creating in the outside world a confidence in what are to be the intentions of the future Government of India.

Then, as regards excessive contraction I gave certain figures in my Budget speech in which I used as a test of whether our contractions had been excessive or not the amount of our contractions, the percentage that it represented to the volume of currency in circulation. I compared that with the fall in the wholesale prices. The fall in the wholesale prices in the five years which I took was about 35½ per cent as shown by the Calcutta index number, and this had been accompanied by a fall in the currency in circulation of about 18 to 20 per cent. I maintained that that showed that the contraction effected had not been excessive. I did not suggest that it was possible to regulate the volume of currency with any mathematical accuracy in relation to the wholesale prices index figure. That is quite impossible; but I did say that if the wholesale index figure had fallen by 36 per cent, and the volume of currency had only been contracted by 18 per cent, that was pretty good evidence that the contraction had not been excessive. It has since been asked, or it has been mentioned in the press, that if India has had to undertake contraction of that kind, why have not other countries had to undertake similar contraction. It is an interesting point to follow up, and I should like to have time to follow it up in greater detail than I intend to do to-day. I only want to say two things. First of all you cannot make comparisons between a country,—and I say it in no insulting way,—in the somewhat primitive conditions as regards currency and credit which prevail in India, you cannot make comparisons of a country in that condition with the conditions of the great international money centres like London and New York. The contraction in London and New York is effected far more by contraction of credit than contraction of currency. You have also to take into account the importance of cheques as a medium of circulation, and you have got to take into account the variations in the velocity of circulation. These are two factors which operate quite differently in these international money centres to what happens in a country like India where things go

on rather primitive lines and currency is the only important factor. Now, I have certain figures which it might perhaps be interesting to give this meeting. If one examines the figures of the United States, there are very striking figures to show the extent of the contraction of credit in recent months. If you take the figures of Federal Reserve Bank, the average Reserve Bank credit outstanding in the United States in November 1929 was 1,631 million dollars against 1,357 for January 1930, and 1,129 millions for January 1931. The total reduction for the two years was thus about 30 per cent. Now, if you look at the Indian figures, and take the figures of the outstanding credits of the Imperial Bank you find no similar reduction. Then there is another point to be taken into account and that is what I referred to as the velocity of circulation. The Federal Reserve Bank in New York is I think the only Central Bank that regularly reports such figures, and I would like to quote the following figures the velocity of circulation, according to the way in which they measure it, was: in *outside* New York, October, 1929, 137; October 1930, 100; *in* New York, October 1929, 244, October 1930, 115. These figures indicate that outside New York the velocity of circulation had slowed down by 27 per cent and that in New York it had slowed down by no less than 53 per cent.

Then comparisons were also made with Japan. Now, as regards Japan of course we cannot go back earlier than the beginning of last year, because it was only at the beginning of January 1930 that Japan went on to the gold standard, but since then they have made very substantial contractions. During 1930 for instance, the note circulation in Japan fell from 1,642 million yen at the end of December 1929 to 1,436 million yen at the end of December 1930, a reduction of about 12 per cent; and during the same period the Indian note circulation fell from 179 to 161 crores, a reduction of 10 per cent. Other currency was also reduced in Japan during the same year; the gold and coinage of the Bank from 1,072 million to 876 million yen, a reduction of 24 per cent. At the same time, private deposits in the Bank of Japan which averaged 320 million yen in January 1930 averaged only 219 million yen in December. All these figures indicate that Japan had to face very substantial contraction in gold, in notes and in private accounts, I think at least as considerable as India has had to face this year. Now, I think the real cause of the criticism in India, the real cause of the fierce light which beats upon our actions in this matter is that in India it is the Government that is the currency authority, and everything that we have

to do in this connection is reflected in Government revenue; whereas, in other countries, it is the Central Bank which loses the profits or the loss of profits is distributed throughout all the banking systems in the country, for all the banks have to restrict their credits, but in India you see it all concentrated in the Government figures, and a Government is always more liable to criticism than any private institution, much more of course when it is a so-called "alien" Government. I would ask the members of this Federation to study these facts because the time has come when we want to get at facts in the matter, and whatever may be said in a spirit of emotion or enthusiasm, I am afraid the interests of India will be very badly served if financial and currency matters are dealt with in that spirit.

I now come, Mr. Chairman, to the last part of the subject with which I intend to deal and that is the question of what we ought to do now. And I think the question must, if we are to avoid confusing the issues, really be stated as follows: Admitting that the catastrophic fall in prices which has been experienced in the last 18 months has fundamentally upset the economic adjustments of India and has made the burden of fixed payments heavier on certain classes, can the situation be put right by altering the value of your unit of currency? That is really the question and that leads one on to a second question, and that is: once you decide not to maintain the value of the unit of your currency, what are you going to do? Are you going to attempt to step from one stabilised level to another, or are you going to let exchange go altogether?

I dwelt at some length on this question in my Budget speech and I argued that whether you wanted to have the first course or not, it was no longer possible, because, if in conditions like the present you were to depart from or actually repudiate your statutory obligation, it would be impossible to maintain exchange at any pre-determined level: it would mean letting the thing go altogether. I had very strong reasons for saying that. In the first place, I felt that, if you want to maintain stability, you have to maintain confidence, and if your attitude is that in the face of abnormal economic difficulties you are prepared to repudiate your obligations and depart from stability, then you must say good-bye to the chance of maintaining confidence for all time. It is no use your saying "Circumstances are very exceptional: we would never do this in any ordinary times; we are going to do it

now perhaps only to a limited extent." That is no use; once you admit the principle that, in order to meet the particular economic difficulties of the moment, you are going to alter the value of your exchange, then I say you have got to say good-bye to confidence, and no one is going to trust you to maintain stability of exchange in the future. That is one reason.

Another reason is that just at the present moment, in the present political uncertainty, if you were to let this one point, this one piece of sure ground go, you would have no sure ground left on which to stand, and you would create chaos in the country, and there would be no chance, even if you wanted to do so, of maintaining stability at any level that you could fix in advance. But I need not labour the point because I think I gather from the wording of the resolution that my conclusion is definitely accepted. I had expected to hear more said in the speeches on this point. I listened very carefully to what was said by the Chairman in his opening speech yesterday and putting that together with the wording of the resolution, I take it that the intention of this resolution is to urge upon the Government to give up 1sh. 6d. and *to fix upon no other ratio.* The old cry of 1sh. 4d. has been abandoned. We are now being asked to abandon stability altogether To my mind that is a most amazing change; and I wonder if the public of this country have fully appreciated what is involved in it. I have, since I came to India, taken a good deal of time in studying the past discussions on this subject, and the one thing that has impressed me is that throughout all this long series of currency commissions and examinations of the question, the demand on the Indian side has always been for stability of currency—a demand which expressed itself in a claim to be put on a real gold standard; but the essence of being on a gold standard is that you maintain stability of the value of the unit of your currency. And if now there is to be a complete change, I can only feel that under the influence of sudden difficulties you people here are forgetting the lessons of the past, and are really running into danger of leading the country into something which it does not want. I think it is of interest to go back to what has been said in the past, and I have tried to select at random some statements that were made before the last Currency Commission by representative Indian bodies. I have confined myself to looking to representations made by Indian bodies, as I did not imagine that arguments of European Chambers of Commerce would impress this meeting very much. But now let us just consider what was said by the various Indian Chambers. Here is a

passage from the memorandum submitted by the Indian Merchants' Chamber, Bombay:

> "My committee do not wish to discuss the effects of a rising or falling rupee, nor of a high or low rupee, on trade and industry, because they cannot agree that the standard of money of any country should be manipulated on such considerations and because any such manipulation vitiates all outstanding contracts and inflicts unmerited hardship and injustice on different sections of the community."

Those are words which I would have liked to use myself in the speech that I have just made because they put much better than I myself have put it, the argument that I was trying to make, that if you try to juggle about with currency values in order to improve the position for one class of the community, you are really going to do injustice to other classes, and are attacking by a back door what should be dealt with by a direct frontal attack.

Then again in the statement submitted by the Indian Chamber of Commerce, Calcutta, they said:

> "Stability in terms of internal prices would necessitate the management of our currency, contraction and expansion of the volume of currency, according as the index number of prices rises or falls..... difficulties are bound to arise consequent thereon, and in practice there will be even more difficulties than in theory.

> "Some of the difficulties may be stated as follows: Fluctuations in the index number can be ascertained only long after they have taken place .....It follows from the above that while on the one hand the object aimed at, to wit, the stabilisation of prices will be difficult, if not impossible, to obtain, a fresh element of uncertainty and speculation is introduced not only in exchange, but also in forming an estimate of the trend of prices. The price level will be exposed to a double set of influences, to wit, forces operating in the rest of the world as also the Government manipulations of currency. The act of manipulation —(and this is very important)— will necessarily have to be left in the hands of some person or set of persons; and even assuming that he or they could be so circumspect, far-sighted and infallible, knowing human nature as it is, it would be too dangerous to vest such unbounded powers affecting 320 millions of people in a small body of men who, or some of whom, may not be able to resist the temptation of utilising the powers to their own advantage. The theory of stabilisation of prices has been correctly described as being neither fool-proof nor knave-proof, and

has recently been rejected by England where self-government exists. But to arm currency authorities with such powers will besides the economic difficulties be a fresh source of political suspicions in India. To adopt the theory here will be to commit a great economic and political blunder."

I think the last sentence is full of very sound sense. And yet surely this is exactly what is being asked for in the terms of this resolution. The currency authority is in fact being asked to abandon the stable ratio which has been maintained for nearly six years, merely in order to deal with difficulties created by the recent, and I hope, temporary fall in prices. Let me take another quotation: the Bengal National Chamber in their memorandum wrote as follows:

"A rising or falling rupee disturbs the normal condition of trade, industry and national finance. The interest of agriculturists is also affected in proportion to the rise or fall. A rising rupee favours imports no doubt, but leaves everything to speculators, because there is no knowing where it will stop. A falling rupee, on the other hand encourages exports; but here also speculation reigns supreme, there being no knowing of its destination. Stability of the rupee will help bona fide trade and make commerce more secure, but the evils of a high or low exchange, as have been shown above, will be a continuing obstacle, and will tend to ruin the country in either way. So it is best to have a gold standard, as there will remain no change of a rising or falling exchange except within the special points."

I think those quotations are very impressive and they brought home to me in a remarkable way the point which I have just made, how Indian opinion seems to have changed in these matters. I believe there are some men—and men of the highest intelligence—who are to-day flirting with the idea that in India external trade is of comparatively little importance; that internal trade is fifteen times in volume of what the external trade is, and that therefore it is better to have stability of internal prices and sacrifice stability of exchange. You cannot have both; you must either let your prices follow world prices and maintain stability of currency, or you must sacrifice stability of currency and detach your internal prices from world prices and try to maintain them on a stable level. Now, as I said, I believe that there are many men of the highest intelligence who are flirting with that idea of internal stability of prices to-day. Theoretically it is a

good idea; I would support it myself every time in theory. But in practice I cannot find better words than were used in that memorandum which I quoted above which said that the theory of stabilisation of prices has been correctly described as being neither fool-proof nor knave-proof.

That, gentlemen, I am afraid is the position. If we can produce some superman, immune to all the influences of the day, with a prophetic vision who could foretell when prices were going to rise or fall, such a man could work a system of stability of prices for you. If you can find him in India, have your system of price stability and welcome to it. But I will lay you, if you are betting men, three crores of rupees to one, that you cannot find such a man.

That concludes the most of what I have to say on this question. I recognise that in the quotations which I have given in regard to this question, it may be said that they were referring to the establishment of a gold standard, and it may be argued that what we have to-day is not a true gold standard; but that does not really meet the point. What we have to-day is a very good equivalent for the gold standard and the essential thing is that our currency system is being worked so as to maintain stability for the value of our currency in relation to the gold currencies of the world.

Then it may also be said that in this resolution there is nothing said about adopting this theory of maintaining stability of prices. I quite agree, but that I think is one of the weaknesses of the resolution; it asks us to abandon the 1sh. 6d. ratio, but does not tell us in the least what we have got to do then. It seems to think that the matter can be left to chance and that the ratio would find its own level. That, gentlemen, is a complete mistake. As a matter of fact, if you were to take that action, I am convinced that you would create chaos in this country, and that in a short time before India knew where she was, she would find herself in the position in which China is to-day. We are living in a time of great uncertainty when nervousness exists in every quarter, and as I have said before, if you remove this one piece of solid ground, the stability of exchange, I shudder to think what the results might be. You would precipitate a fall in exchange, while speculation would make it impossible for this country to defend the position, and the point at which the fall might stop is one as to which I should not like to hazard a guess. But at some time or other the currency authority would have to

attempt to step in and resume control, and therefore, the currency authority must have some sort of policy. If it is not a policy of price stabilisation, then it must be some policy of regulating the value of the currency according to what it considers to be the needs of the moment, and if that is not adopted as the alternative, then there is no excuse for departing from the present stability, and therefore, I say although this Resolution does not specifically recommend maintaining the theory of stability of internal prices, if the currency authority were to adopt this Resolution and abandon the present stability, it would be forced to try and evolve some sort of theory equivalent to that of internal stability, and then you are landed in all those evils to which I have called attention, and they would have it in their power to juggle about with the fortunes of the country.

So, Sir, when I come back to my original question what ought we to do now, I am unshaken in my own opinion that it would be disastrous to India to sacrifice stability of currency just at this moment. But that is not the end of the question. There is a vast amount that could be done to improve the situation, and I think the greater part of that, gentlemen, lies in your hands. As I have already pointed out to-day, and as I pointed out at length in my Budget speech, the real reason why we have had to take drastic measures to maintain rigid control of the money market is that we have had to combat a movement partly speculative, partly based on genuine anxiety about the future which has been leading people to sell rupees. I do not wish now to go into arguments as to what the extent of that movement has been, and I wish to assure my friend Sir Purshotamdas Thakurdas that in making these suggestions, I am not suggesting in the least that any people at this moment have operated in a dishonest way or that it represents any more than a natural reaction to the conditions which exist to-day. It would be unavoidable in any country. But if the Indian commercial leaders could make it clear that they agree to this policy of upholding stability of currency and that pending the transition to the new constitution they would co-operate with the Government, then I think a vast improvement could be effected in the situation. I think that in that case you would restore confidence, you would be able to stimulate again the flow of capital into India, we should be able to reduce rates for money, and I think our securities both in London and in India would rise. Also I venture to say that you would find the whole discussion of that difficult question of financial safeguards made vastly easier.

Now, that is one thing which could be done, but there are others. I, Mr. Chairman, have always tried, so long as I have been here, to take seriously the criticisms which are levelled against me by bodies like this Federation, and I have been trying to follow very closely the line of thought which lies behind most of the speeches which have been made to-day. I have been rather surprised that they have not dwelt more on the point on which I myself have dwelt, the effect which a fall in prices like this has had on the position of the agricultural producer with fixed payments to make. Speakers to-day have not dwelt so much on that side of the question as on the disastrous effects of the Government policy, that is to say, the disastrous methods which the Government has been forced to adopt in order to maintain stability of currency,—such as contraction and maintenance of high money rates. Now, I do feel entirely confident myself that we have done nothing that would not have been done by any currency authority in the world placed in similar conditions. We have followed what has been accepted as the orthodox method, and in finance, I believe, that to follow the simple orthodox methods is the best course. But I am fully prepared to discuss that question as to whether in maintaining our policy of stability of currency we could have acted in a way which would have been less detrimental to the interests of the country; I am fully ready to consider whether there are any other ways in which the desired end can be achieved. I had noted what I am saying on this subject before I came to this meeting, but I was very interested in some passages in the speech of my friend Sir Purshotamdas Thakurdas, when he suggested something like the same ideas. The suggestion has been made at various times that the Government should appoint a Committee to inquire into the whole currency question. Those suggestions we have had to refuse, because the mere fact of the appointment of such a Committee would create a state of uncertainty which I venture to think would make ordinary business transactions impossible. But that objection would not in the least apply to a Committee which might inquire into the methods of maintaining stability of currency, and provided it is clear that the agreed purpose is to maintain stability of currency, I should welcome the chance of co-operating with a special Committee to consider as I have already said whether that same object could be achieved by any other means which would be less disadvantageous to the commercial world in this country. That is a suggestion which might perhaps be considered. That is one thing which might be done, but there are others still.

I have only touched briefly on the first two recommendations in the latter part of this Resolution,—the question of retrenchment and the question of a constructive economic policy. Time is not available for me now to develop fully my own ideas of retrenchment, but, as I have already said, I am heartily in accord with that part of the Resolution, and I am fully determined to do my utmost to work along these lines. The necessity for retrenchment is indeed absolutely forced on the country in view of the present fall in prices, and if this Federation would desire to appoint a small Committee to discuss methods for giving effect to a policy of retrenchment with me, there again I should welcome such action. Speaking on behalf of Government, I can say that we mean business in this matter and that we should welcome co-operation from the representatives of the commercial world. Exactly the same remarks apply to the recommendation about a constructive economic policy. Here I must confess that it is not so easy to see what could be done, because the idea is less definite, but here again I say I should welcome co-operation from the representatives of this Federation in considering that question. Indeed, if we can work along these lines, that represents an idea which I myself have often preached. For I do maintain, and, in spite of what one of the speakers suggested about the honesty of my remarks, I would ask him to believe that they were honest, I do maintain, as I said in my Budget speech, that in this period of transition and pending the launching of the new constitution, we on the Government side ought to work in co-operation with the representatives of the public, and particularly in economic matters with the representatives of the commercial world. But co-operation means an effort on both sides. And therefore, I would invite from you, Mr. Chairman, proposals on this particular matter. If we can concentrate earnestly on matters of this kind and stop talk which by creating uncertainty about the future of the exchange is really damaging the true commercial interests of the country, then I think we shall have started on a line which offers some hope for the future. In the meanwhile, we on our side can only carry out our responsibility by facing facts and doing what we consider to be right. We cannot "job backwards" or speculate on what might have been. For myself, in the situation with which I have had to deal, I have taken a certain course in the firm assurance that it is a right course, and all the events which have happened since then have only confirmed me in my idea. For the moment, as I have said, the responsibility is ours, but the future lies with you. Do not ask us to wreck that future by doing what we know to be wrong, and what I believe that you, if you had full knowledge

of the facts and responsibility, would also agree to be wrong. That is a thing, Mr. Chairman, which I cannot do. (Applause).

The Chairman (to Sir Purshotamdas Thakurdas): Do you like to say anything in reply?

Sir Purshotamdas Thakurdas: Mr. Chairman, I am in a little difficulty in rising to reply to what the Hon'ble the Finance Member has said. I would like very much to know whether the House would like me to go through the various points raised by the Hon'ble Sir George Schuster in the course of his remarks, or they would like me to restrict myself to the two constructive suggestions which he has made in the latter part of his observations. I attach more importance to the last few remarks in which he invited assistance from this Federation, although I cannot possibly accept what he said in the earlier part of his speech regarding contraction or the doubts he expressed about reducing the purchasing power of the people of this country. Obviously, Sir, if the House wishes me to go through the various points he has made, you would have to give me much more indulgence than I would require if I am to restrict merely to the latter part of his speech, and bearing in mind the comparatively heavy agenda which we still have before us and which has to be finished during the course of this afternoon and to-morrow, I place myself at the disposal of the House. I should like you, Sir, to ascertain exactly what the House wants me to do in this matter.

Mr. Fakirjee Cowasjee (Karachi): We would like you to go fully into the various points raised by the Finance Member.

The Chairman: We have got a very heavy agenda, and this must be borne in mind, but I think there are certain remarks which fell from the Hon'ble the Finance Member which do require a reply. I should hope that Sir Purshotamdas Thakurdas would be able to finish within 20 minutes, but if you think you would require more time and the House has no objection to giving you more time, personally, I have not the least objection.

Sir Purshotamdas Thakurdas: Sir, it is very difficult for me to find out exactly what the House wishes me to do, but all I want to know is whether the House will have patience to bear with me.

(Several delegates from all parts of the House: Yes, yes).

The Chairman (to the Hon'ble the Finance Member): I hope the Hon'ble Sir George Schuster has no other engagement at 5 o'clock.

Sir Purshotamdas Thakurdas: I felt a little amused if I may say so at the Honourable Member's opening remarks that the speeches on the resolution were short and had little argument in them. When we make long speeches, as I did last year when I spoke for one hour in moving a similar resolution, we are told that it is impossible to reply to every aspect. I therefore this year tried the other method and took for granted much of what I said last year and said to myself that I would only cross the t's and dot the i's and leave the rest to the Honourable Member. He now says that because of their brevity there was no argument in the speeches. I suggest that is hardly fair. He perhaps meant it as a joke and I take it as such.

Now, Sir, the Honourable Member began by inquiring what is meant by reducing the purchasing power of the people. I wish to ask whether he is not in touch with the big importing houses in Bombay, Calcutta, Karachi and Madras and whether he is not in touch with what we have been hearing from Lancashire and Manchester regarding the reduced purchasing power of the people of India. I need hardly say that there is little accentuation there owing to the political movement in connection with the boycott of foreign goods. But that movement started only in March last and the ratio has been on the statute book since March 1927. Can he say from his experience that in spite of our having had an abnormally good cycle of years, taking all over India, that the purchasing power of the masses of India—and that is the factor which counts—has not been reduced by making the rupee artificially heavier, although it is doubtful yet whether the adjustments for that are complete. He recounted the various factors in the situation and there was a refreshing change from the tone of his predecessor when he admitted that the cultivator was being hit because he had to pay more in the shape of actual value for his land revenue, the number of rupees there not having been reduced but he overlooked one factor while he recounted others—namely, that the cultivator of India carries a debt of something like 6 to 8 hundred crores of rupees and that had not been reduced owing to the appreciation of the rupee from ¼ to 1/6. The debt still hangs round his neck like a millstone. I therefore feel that as far as the question of whether the higher ratio has reduced the purchasing power of the rupee or not, it is beyond the pale of discussion or of

doubt. What does matter to my mind really is what the Honourable Member said regarding his insistence upon the credit of India being maintained. Now, Sir, all of us are as anxious about the credit of India in international markets as Sir George Schuster himself. I wish to ask him whether in spite of all his good will he realises whether the present administration of the Currency Department may not give a set back to the credit of India that will be irretrievable. What about that the gold resources of India are frittered away in the Currency Department? It is not difficult to make frantic efforts to maintain the value of the rupee but the Finance Member knows much better than many of us that there is a limit to his gold resources and perhaps there is a limit also to the extent to which he can borrow even in a friendly market in London. They will not lend him an unlimited amount for an indefinite period. They do put the screw on as far as the rate of interest is concerned. I wish to put it to him in all seriousness whether the political change which is impending and which is alleged to be upsetting the investor abroad, is not more likely to prove a complete failure if he continues to fritter away our gold resources.

The Finance Member has thought fit to defend here further his policy of contraction and he has reiterated what he said in para 104 of his speech regarding the contraction. I will read one sentence from para 104. He says there 'Now as to the extent of our contraction, I believe that an impartial observer far from saying that this has been excessive would be more likely to take the contrary view and criticise Government as currency authority for not having contracted further sufficiently.' When I read that I marked in my copy "to ask Sir George Schuster the name of the person he has in mind. Is that person in India or in England? I would very much like to meet that impartial observer referred to by the Finance Member." He is either completely ignorant of actual conditions in India or, without meaning any insult, I would say that that man deserves to be sent to the lunatic asylum. When the Fowler Committee reported and the exchange was taken to 1s. 4d. the bank rate went up to 15 and 12 per cent and although I was then at college I remember certain days when money was not available in Bombay even at 18 per cent. Does the Finance Member think that things have not come to that pass yet? Is that the idea of his impartial observer? The screw is tight enough and he who makes it tighter will be doing a crime against the agricultural, commercial and industrial community of India.

Then Sir George Schuster quoted figures of contractions and their amounts in other countries. I did not know that he was likely to favour us with this information but you must have observed that he only took the one year previous. We do not know to what extent there were contractions or the contrary in those countries previously but that is not all. May I ask Sir George Schuster if there is any parallel in the banking facilities and control of the money market in these countries and India. He mentioned the U. S. A. and he mentioned Japan. Does Sir George Schuster think that there are fair parallels which would enable him to compare the two countries as far as contractions are concerned? Take for granted that the figures that he has given afford some parallel to what has happened in India. May I ask Sir George if he has thought over this—whether these countries which he has named are suffering from that scarcity and dearth of money in the shape of high bank rate as India is? What is the bank rate in America to-day and what is the bank rate in Japan to-day and what are the conditions in India? I venture to submit that although Sir George may not have meant it, the comparison is misleading. He referred to part (b) (3)—stop further efforts at maintaining the value of the rupee at 1s. 6d. He dilated upon it, although I am afraid he overlooked what I said in moving the resolution that the ratio is not the only thing which worries us to-day. What worries us is the threatened disappearance of our none too excessive gold resources and he thought it right to remind the House to-day of what was said by my Chamber in Bombay and by your Chamber, Mr. Chairman, in Calcutta regarding the value of stabilisation in 1926. When I heard him read those quotations, I was reminded of what I had heard in the Assembly in 1927, members quoting to Sir Basil Blackett in favour of the 1|4 ratio and against the 1/6 ratio what he had said against the ratio of 1|8 suggested by the Secretary of State. These quotations do not carry us far. What was said there was taking for granted one thing—that the correct ratio would be stabilised there. Does it mean that when the Government in spite of popular opinion to the contrary and by slender majority of 3 carried their 1/6 ratio, we cannot protest against an injurious ratio which has been put on the statute book. I wish Sir George Schuster had not wasted his breath and our time in reading those quotations, because they do not apply at all. Government go on persisting in maintaining the ratio at 1/6 and go on using our gold resources, even though year in and year out we have warned them and told them what our views are. May I ask, what do you and your principals in London and the British Government propose to do when you have come to the end of the

tether is respect of our gold resources? May I ask whether there is any guarantee either implied or clear that England will right through maintain the ratio, whether India has necessary gold resources in her currency or not? Or is it this—that Government go on doing this, and, in the end will leave us to our fate,—to the fate of countries in Europe with depreciated currencies—and ultimately say 'We did our best. We are very sorry.' It is this aspect of the question which worries us. We do not want the Government of India to consider the ratio for the sake of change. We do not talk because of sentiments. Our head tells us that Government have been doing a wrong thing. We continue to agitate because we are convinced that Government are trying a most dangerous experiment against 33 crores of people, where their very livelihood is dependent upon this coin in bearing the King-Emperor's effigy. Sir Basil Blackett said in 1925-26 that everybody handles the rupee but few understand the vagaries of the rupee. I say that on you as the Finance Member of the Government of India lies the responsibility and sacred duty of seeing that India does not suffer the fate of some unfortunate countries in the West and the fate of the country which you named—China. I do not wish to go into the history of China. She is on a silver standard but even for China I heard it for the first time to-day, that the Chinese quarters were complaining that they were not able to export owing to the depreciated currency. I should have thought that when a country has a depreciated currency, her exports are on such a scale that every other country is afraid of her. Sir, the wail has been going out about China from countries which cannot export to China—the very people who are interested in importing into China; I do not want it to be understood for a single moment that I am in favour of a depreciated currency. I am all in favour of stabilisation and a stabilised ratio, but a reasonable, rational stabilisation which Government can maintain without sacrifice and without risking in fact our very existence for the next few years. It is that stabilisation which we want; we want a sensible stabilisation, not an unjustified stabilisation owing to some particular interest wanting it.

Sir, the Honourable Sir George Schuster suggested—I hope I have understood him correctly—that he is quite agreeable to have a committee to consider all the other aspects of the Currency Department's operations excepting the question of the ratio. I hope I have understood him correctly. (The Honourable Sir George Schuster nodded assent). I see the Honourable Member nods assent, and therefore I may proceed. Well, I look upon that

as a really good constructive piece of work, and I wish to ask the Honourable the Finance Member, if he is agreeable to have a committee or someone to consult with—and he will of course pick up the best brains in the country for that purpose—if so, might I ask why he is so anxious to cut out the question of the ratio as a condition precedent? If he is so sure of his ground, if he feels that he has self-confidence, that he will be able to convince these people that it is not to the interest of India to disturb the present ratio, that the Government of India have the capacity to maintain this even though they may have to sacrifice further four or five or ten crores of rupees, that the Currency Department can stand this depletion of India's gold resources, may I ask Sir George Schuster why he is so insistent that this particular thing should be cut out as a condition precedent? To me, Sir, it savours, if I may say so, of a want of confidence in the Government of India's own case on its own part. Few will agree to have a committee on a certain condition. Have a committee assembled to examine the whole case, to go into it thoroughly: and if the arguments are as strong as Sir George Schuster believes them to be—and I will not say whether I agree or disagree because that is not pertinent here—if the arguments are all as strong as that, may I ask Sir George Schuster why he does not say, "all right, gentlemen, you want it, come and sit down with us for a few days or weeks." I know his apprehension is that as soon as he does that, people will begin to get nervous, and speculation may get rampant. Well, Sir, you cannot prevent people from thinking even by an Ordinance. (Laughter). The discussion that we have to-day may make somebody in Bombay or Calcutta think that he had better operate for a few thousand pounds. But if your conditions are that you should make out a good and sound case and to get a reasonable set of people to go into it impartially, I suggest to Sir George Schuster that, as he has come more than half way, to my mind, he might come the whole way and say, "I have nothing to conceal, let us sit down and compare notes, and we will do whatever may be necessary." No one has suggested that a condition precedent should be made that the ratio will be changed. All that is suggested is to compare notes, to call for figures, to go in for further information which you may want regarding the reduction in the purchasing power of the agriculturist. If you can prove that the purchasing power of the agriculturist has increased owing to the higher ratio, no one will be more pleased than every member present here. So, let us discuss it fully; and after all, even supposing the committee consists of some wrong-headed people, it will be in the hands of the Government of India to take action. One can do nothing without His

Excellency the Viceroy permitting one to touch the Currency Act. Why, then, I suggest to Sir George Schuster, not have a committee to go into the matter thoroughly; I should be quite prepared to agree that the report of the proceedings of the Committee, if the Honourable Member so wishes, should be kept perfectly secret and confidential, and that members who act on it should be asked to give undertaking that they will give out nothing. Let Sir George Schuster put before the members all his cards, all the information at his disposal, and I submit that he should not give us to understand that he is himself wanting in self-confidence, because that alone can justify his imposing any condition precedent. I feel, Sir, that if Sir George Schuster wishes to tell us something further in this connection, he will have done useful work; but quite possibly he may want to consult the Government as a whole, in which case I hope that he will follow up what he has said here by inspiring more confidence in us and convincing us that the Government of India do not wish to continue to follow the policy which has aroused so much doubt. For, ultimately, if all our gold resources are depleted, Sir, who suffers? Each one of us suffers. Our fellow-brethren suffer, and I do not wish to say anything more than this, that the good or the evil which may come out of Government action is ours, and therefore they should not throw to the winds the advice and the suggestions which we so earnestly and so repeatedly give to them. It is possible that, God willing, we may turn the corner in the world depression even during the next few months. But no such signs are yet visible and it is up to us here to-day to press on Sir George Schuster that he should take the representatives of the commercial community into his confidence, put all his cards before them, and that he should not make any condition precedent because that would detract from the value of his inquiry and would savour of something—that either the Government of India or the Government in Great Britain wish to shield and protect something. But Sir George Schuster says that they have nothing such to protect.

Then the other suggestion that the Honourable Member made is in connection with a Retrenchment Committee. He said that he would be very glad to have co-operation and assistance from this Federation in that direction. I am sure the Federation will appreciate that invitation. Personally, as I have the opportunity to reply, if I may express my own opinion, I would recommend the Federation to say to Sir George Schuster, "thank you very much; we do not think we can do anything useful at this

juncture because, not that we do not appreciate your offer, but because we are convinced that what is wanted is a change of policy on many questions—not a few lakhs retrenchment in expenditure by cutting out a few officers or some staff." It is a change of policy which is wanted. We should leave the Legislature and the Finance Department to do their best in that direction. They can do little compared with our needs. What we want is a change of policy in the Military Department, and the same applies to the other Departments; and I am afraid if a few representatives from this Federation went to that work, they may have to return grossly disappointed and dissatisfied. This is of course only my own personal suggestion.

I am convinced that the great thing which calls for our attention at the moment and which requires the attention of the Government of India also is insistence on this, that the Government of India should do their level best to inspire confidence on the part of the people in their currency policy. They have come to a point which I look upon as bordering on the dangerous. They may be able to purchase their sterling requirements at present at 13/16ths or 7/8ths off and on. But it ought to make the Finance Member think very seriously as to what might happen should the next monsoon be a poor one. I do not wish, Sir, to indicate any dismal forebodings, but I do think that at this juncture this offer which I have made here is one which it is most necessary that the Government should consider. There should be no preliminary condition, and there should be only one question, namely, that a committee should go into the facts and figures most thoroughly and fully and the state of things as the Government view them, and that there should be a reflection of popular opinion on the deliberations of the committee and then they should try to formulate any practicable scheme which may be arrived at, as the result of common conclusions, if any, come to. If no common conclusions are arrived at, the papers might be filed, but there would be at least this consolation that the question had been examined. Sir George Schuster has told us as to what may happen if we run away from the present ratio. Well, I feel I cannot resist the temptation of reading the concluding portion of this pamphlet a copy of which was given to Mahatma Gandhi yesterday, which to my mind puts the Indian view in a nutshell. I do not think that when I have got such a well-phrased paragraph handy, I should take up your time by dwelling on it at length. I would therefore conclude my remarks by reading here what is said under the heading: "The Moral".

"THE MORAL"

Very recently there was a talk by Mr. Lloyd George on the City Financiers—chiefly the Bank of England—as being responsible for a precipitate return by England to the gold standard. The "Economist," whose editor was here as Financial Assessor to the Simon Commission, in commenting on the speech said:—

> 'It would undoubtedly have eased our problem if we had devalued the £; and returned to gold at say $4.40 to the £; and we have repeatedly dissented from the ultra-conservative view of the City that this would have been a breach of faith.'

Here in India there was actually a breach of faith, but in the opposite direction. What was forced upon the country was not devaluation but a "plus valuation," as one economic journal called it at the time for want of a better term in the English language for the extraordinary phenomenon. Complaining of the policy of dear money which hampers production, Mr. Lloyd George says that they cannot "build the city of God" because the "City of London occupies the site." (Laughter). India's grievance is much more substantial; yet, without using such language, one can say that until the transfer of Finance is real and complete, India cannot come to her own."

Sir, it is because of Sir George Schuster's remarks towards the end of his speech which I quoted in the morning and which I know came from the bottom of his heart that I venture to suggest to him even at this late stage that he may be able to help us to realise that, after all, the Government of India can move, if not in time, yet before it is too late.

The Honourable Sir George Schuster: Mr. Chairman, I think it is desirable that I should take advantage of your courtesy to clear up the point made by Sir Purshotamdas Thakurdas in his speech. He referred to "an offer which I have made" as going more than half-way to what he wanted. I am very sorry to say that I think he has misunderstood me. I thought that I had made our position very abundantly clear. The whole line of my argument was that if we were now to make a change in the value of the rupee, it would mean abandoning stability and that would bring untold disadvantages and evils on the country. I am afraid that I cannot modify my view about that in the very slightest degree. The suggestion which I did make was an invitation

really for ideas if this Federation has any ideas as to how the currency policy might be regulated, always keeping in mind the essential purpose of stability, in some way which might be less open to criticism to them than our present method. I am afraid I should be leaving this meeting under a great misunderstanding if I was to allow any suggestion to remain in anybody's mind that I felt that the question of stability of the present ratio was an open question. I thought that I had made very clear my reason why that cannot be submitted to an inquiry by a committee. I am sure Sir Purshotamdas Thakurdas, of all my political opponents, will agree that whenever there has been a demand for inquiry, I have tried to meet it: and it is always my desire, when I feel there is a popular demand to go into a certain question, to say: "Well, let us look into it. Nobody will be harmed by having this matter looked into. All that we want to do is to discover the truth." But in the present case, if you once admit that it is an open question, that creates exactly the condition which I say will be disastrous to business in this country, for it would mean creating a condition of uncertainty which would make all business impossible. Then there is another point. I do not myself see what such an inquiry could produce or what it could elicit. The facts are only too well known. I have never suggested for a moment that the position of the agriculturist who has fixed money payments to make will not become easier,—I have never suggested for a moment that his position would not be easier if the value of the unit of currency in which he has to make those payments were reduced. That is an elementary point. My whole argument was that if there is a case for reducing the burden of these payments, then it ought to be attacked in a direct way and that it is possible that a change of economic circumstances may establish a case for revision of rents and even for a revision of rates of taxation. But those cases should be created on their merits and met in the direct way. To attempt to interfere with contractual relations by altering the value of your unit of currency is, as I was trying to argue, a fatal mistake. The point has no mystery about it. All the issues in the controversy are well known, and I am afraid nothing will be gained by an impartial inquiry into this side of the question. But what would be of value to us would be to have suggestions as to how the currency policy can be administered in a way more acceptable to the commercial community, and also to consider in what way the readjustments which may have to be made as a result of the fall in values can best be made. It was on these subjects that I thought a joint discussion might be useful. I am afraid, much as I should like whenever a demand comes from Sir Purshotamdas Thakurdas to

meet it, that to meet that particular demand would be, according to my judgment, fatal to the present interests of the country.

Sir Purshotamdas Thakurdas: That is why I put it as clearly as I did. I was myself in doubt whether the Honourable Sir George Schuster wanted a committee and I halted for a few seconds for his nod. However, nothing is lost. From the remarks that he has now made Sir George Schuster appears to welcome no consultation with any representatives from any body unless and until it is distinctly agreed that the question of ratio would not be discussed or touched. I am sorry to hear that but it only confirms the general opinion that the Government of India have little self-confidence in their own policy.

The Chairman then put the resolution which was unanimously adopted.

The Chairman: I would like to take resolution no. 2. I was to move this resolution but as I am in the Chair I should not like to move it. I would therefore call upon Mr. Chunilal Mehta to move this resolution.

SILVER

Mr. Chunilal B. Mehta (Bombay Bullion Exchange): Sir, I beg to move the following resolution:

"(a) The Federation views with great alarm the unprecedented fall in prices of silver and is of opinion that unless steps are taken to improve the position of silver as a precious metal in the world there cannot be a lasting revival of normality of economic conditions in the world.

(b) In the opinion of the Federation the following steps are therefore essential for bringing about the desired result:—

(1) That the main silver producing interests of the world should in co-operation with such Governments as have surplus silver for sale arrange for some co-ordinated plan for the regulation of the production and sale of silver,

(2) That the Government of India as the Government which hold the most important silver stocks should take a leading part in promoting such co-operation.

(3) That the Government of India should take immediate steps to organise world opinion in favour of fixing ratio of gold with silver,

(4) That the Government of India should decide their silver policy in consultation with a committee to be nominated from the elected members of the Assembly and representatives of this Federation and until that is done, the Government of India should not sell any silver."

Since this Federation met in Delhi last year during February, there have been important changes as regards silver situation. Last year the price of silver was 20d. Since then it touched 12d. the lowest in the history, and now it is about 13d. Further since we last met there are impositions of import duty on silver twice. Last year the Government levied a duty of 4 annas per ounce and this year they have increased the duty to 6 annas an ounce. Our internal silver price is a fictitious one, there being a heavy import duty. I will say that the price of silver without duty is about Rs. 29 per 100 tolas. The duty of six annas per ounce comes to Rs. 14 per 100 tolas or 50 per cent of the value. Thus the internal price is Rs. 43 per 100 tolas.

It is argued that the reason for decline is due to world conditions. But it is not so. The present state of silver market is due only to the policy of the Government of India. It is said that America is interested in high price of silver and so the American opinion is prejudiced. I will therefore read before you the opinion of two important British Firms of Bullion Brokers of London on the subject:—

Messrs. Sharps & Wilkins, a prominent firm of Bullion Brokers of London, write in their Annual Bullion Circular issued recently as follows:—

"What, however, has probably contributed most in the past two years to bring about the fall in silver from 20d. to the present level has been the selling of silver by the Indian Government. It was not so much the actual sales that were responsible for the fall, as the uncertainty of their next move. The consequence has been that potential buyers have bought from hand to mouth, dreading that at any moment further sales might be made, and it is not too much to say that at every shipment made of silver on Government account from India, a decided weakness has come

over the markets, both of India and China, with consequent fall in price."

Messrs. Pixley & Abell another prominent firm of Bullion Brokers of London write in their recently issued Annual Circular as follows:—

"There is little doubt that, apart from the world wide depression in trade, the fear of Indian Government sales has played a large part in the flight from silver, Eastern exchange fluctuating wildly from time to time on the most improbable rumours of large sales from this quarter. It seems equally certain this fear can only be allayed by some such pronouncement of policy as members of the Legislative Assembly at Delhi vainly sought from the Finance Member on February 4th, when, in reply to questions, the latter declined to pledge the Indian Government not to sell any more silver till prices rose."

It can be seen that even the British Firms clearly express that the reason for the present state of silver market is mainly the present policy of the Indian Government.

Our Government always comes forward to plead the cause of poor consumers whenever there is a question of import duty. In case of silver I will point out that the real and actual consumers are the poor masses and yet a duty of 50 per cent is levied on it.

It is said that silver is an article of luxury. Those who know India and Indians could never say so. We all know that at every marriage in poorer classes it is a necessity to have a few silver ornaments. They are not rich enough to buy gold ornaments. This custom of silver ornaments is since centuries. You cannot stop the custom under any circumstances. Such an article of daily requirement without which marriages would not take place, could never be called a luxury. Duty on silver is a direct tax on savings of the masses. It is argued that the duty helps the masses to dispose off their silver at higher price. This is an illusion. From where comes the higher price? One Indian will sell and another Indian will buy. You could not get higher price from outsiders. We complained that the value of savings has fallen heavily and something should be done to re-establish its value. The Government said: "All right! We impose an import duty to raise the value!" Gentlemen, you can understand the way in which our Government took disadvantage of our request.

Silver is a metal indestructible. There have been many occasions when India exported silver to other countries. There is a large amount of silver in India. Time may again come when Indian silver may be required for other countries. But owing to the heavy import duty our silver can never be exported. India is made a sink for silver.

Further I will tell you how the other countries of the world say about this duty. They say that 75 per cent of the world gold output is produced within British Empire. On the other hand 75 per cent of the world silver output is produced outside the British Empire. As such import duty on silver is imposed on the principle of Imperial Preference.

Let us review the silver sales already made and also what the prospects are for future. Till now Governmnt of India have sold 90 (ninety) million ounces of silver. About rupees twenty-six crores in coins when melted would give us 90 million ounces of silver. Government will have realised out of the sales about Rs. 12 crores. The other 14 crores is a loss or deficiency in Reserve being difference between coin value and bullion value of silver. This deficiency of 14 crores in Reserve have mainly been met by deflations. The cash proceeds of 12 crores realised out of these sales should have been used in acquiring gold. Has that been done? No. Gold is not acquired and silver is sold off.

As regards future, according to the latest Paper Currency Return the reserve of rupee coins is about Rs. 117 crores and silver bullion about Rs. 6 crores making a total of 123 crores. Keeping 33 crores for our Currency requirements there seems an excess of 90 crores.

90 crores when melted and refined would give us about 300 million ounces silver. If sold at the present price of 13d. it would give us about £16 millions or Rs. 22 crores. Gentlemen, then it comes to this that if 90 crores be melted and sold it would give us 22 crores leaving a deficit of 68 crores in Reserve. Please imagine carefully what this means. Now how the deficit of 68 crores in Reserve is to be met.

I will explain in short the working of the Paper Currency Department so that it can be grasped what this means.

There is in circulation with the public, notes, exactly to the extent there are reserves in the Paper Currency Department. If we go to the Currency Office and give a thousand rupees and ask

for notes, they will give us those notes as issued fresh and against issue of those notes they will keep Rs. 1,000 received from us in cash as reserve. On the other hand when we go to the Currency Office and tender notes for 1,000 rupees and ask for rupee coins they will give us 1,000 rupees in coins and they will cancel the notes received by them from us. In short the Paper Currency Department is not to hold any notes in reserve. They should cancel the notes as soon as received against rupee coins given out.

I will now turn and say how the Government of India operates the Paper Currency Act as regards silver sales. Suppose they melt 1,000 rupees and refine. It would give them about 880 tolas of silver. In the reserve, they would maintain the figure of 1,000 rupees under "Silver Bullion" although silver is 880 tolas. The notes outstanding against those 1,000 rupees are in circulation. Then they sell silver bullion 880 tolas and realise 240 rupees with which they should buy gold and put in reserve. But what about the balance of 760 rupees notes in circulation which remain without reserve? To meet this they sell off securities worth 760 rupees and amount of 760 thus received in notes is cancelled which is a deflation.

Now if Rs. 90 crores are going to be melted, refined and sold, how and in what form the Government desire to meet the deficiency in reserve which would be Rs. 68 crores. There are securities at present worth only Rs. 10 crores. Does it mean that they will starve India for Currency? This House will certainly appreciate the views of the Hon. the Finance Member if he will enlighten us as how his plans are for meeting this huge deficiency of Rs. 68 crores in reserve.

It is argued that silver is sold to acquire gold for establishing Reserve Bank. Let us consider. The amount realised from silver sales till now has not been utilised for acquiring gold. Secondly amount of rupees 22 crores that is likely to be realised from the so-called excess silver sales is very small to help the formation of a Reserve Bank. Further it would take many years before these Rs. 22 crores could be realised and India should not wait for the establishment of a Reserve Bank till all the silver coins are melted, refined and sold.

One more point. It is a criminal offence for the public to melt a rupee coin. Nowhere in the Paper Currency Act the Government of India are empowered to melt silver coins and to my mind

in melting silver rupees the Government of India are violating the Act themselves.

I will now turn to other aspects of the situation. It is admitted by all that the drastic fall in the price of silver is one of the chief causes of the present world trade depression. The resolution on which I am speaking says that unless steps are taken to improve the position of silver as a precious metal in the world there can be no lasting revival of normality of economic conditions in the world.

The resolution further recommends a few steps as to how to secure the desired result. Steps number one, two and three I will take together. We know that the Hon. the Finance Member publicly in his speech last year declared his readiness and willingness to co-operate with world silver producers for the regulation of production and sale of silver. Beyond that nothing is publicly known. We do not know what steps were taken by the Hon. the Finance Member to put his desire of co-operation into operation. Last July when I was in New York I had come to know that there is a movement about the co-operation of main silver distributors with the Indian Government. Then, in August, I came to London and I heard the same reports. Then our Finance Member went to England and instead of arrangement being completed, it was reported "Broken."

Sir George Schuster holds the view that the public generally get the correct news and therefore much information should not be kept secret. This House will thank Sir George Schuster if he will enlighten us about the co-operation movement such as whether steps were taken by the Hon. the Finance Member beyond the open indirect invitation? If taken, what steps were taken and how far the negotiations had reached and finally what was the result? If broken, on what ground? Sir, this information will clear a great deal of mystery.

The first three steps suggested in the resolution are of international character and as such are beyond the control of the Government of India. As regards the fourth step suggested in our resolution, it is a practical step. It says that the Government of India should decide the silver policy in consultation with a committee nominated from the elected members of the Assembly and representatives of this Federation and until that is done the Government of India should not sell any silver.

Sir, silver policy is very important to India.

Gentlemen, since after 1926 when the Indian Government began to sell silver, they have come out as advisors to the masses saying that silver is a commodity and is not suitable as a store of value. They also say that they are selling silver in order to acquire gold. We are on gold exchange standard since 1893 and what the Government has to say as to why they bought silver about the year 1920 at a Dollar an ounce even though we were on gold exchange standard at that time. Gentlemen, at that time Government of India did not acquire gold for India and choked India with silver. There was no necessity to buy silver at that high rate if gold was acquired and supplied to India. At that time India was not allowed to secure her rightful quota of gold in spite of her favourable trade balances. And now to tell the people of India who are attached to silver from time immemorial that silver is only a commodity, is nothing but a breach of confidence. It is the duty of the Government to keep up the status of silver as a precious metal in the interests of India. At least they should not have followed the example of other Governments who discarded silver and began to sell. Indian situation is quite peculiar and different as regards silver and requires special attention and consideration. No other nation which has discarded silver, holds so much silver as the Indian nation. No other nation which has discarded silver, is attached traditionally so much to silver as the Indian nation. No other Government which has discarded silver, have imposed such a heavy import duty as the Indian Government. Owing to such special circumstances a very careful consideration should be given before embarking on a policy.

Last year this Federation asked the Government of India to stop sales of silver. As usual the Government disregarded our suggestion, sold silver and depressed prices.

I will read here a cable of Reuters from Shanghai dated 30th March, i.e., last week—which reads as follows:—

"It is reported from Hongkong that the Government of India are making large private sales of silver in London market."

This shows that the Government is still a seller even at the present low price of 13d.

This year the Federation clearly expresses in its resolution that the Silver Policy of the Government of India should be

decided in consultation with a Committee nominated from the elected members of the Assembly and representatives of this Federation.

Consideration of Silver Policy will include all points such as

(1) Whether to sell silver or not?

(2) If to sell, how, when and where to sell?

(3) Why the import duty should not be abolished?

and all other points which are very important and which should be fully discussed and finally decided.

Finally as is known to all we are on the eve of important constitutional changes and at this juncture the Government of India will not disregard the suggestion of the most important commercial body of India.

Mr. Mangaldas Motilal Sheth (Bombay Shroff Association, Bombay): Mr. President and brother delegates, I have great pleasure in seconding the resolution on silver, but the mover of the resolution has ably covered almost the whole ground of this thorny problem leaving for me little to add. However, with your kind permission, I will say a few words.

The problem of silver has assumed world-wide prominence since the adoption by the Government of India of the policy of selling silver, which has depressed prices unprecedentedly. The abnormal fall in the price of silver has reacted on all the markets of the world, resulting in the complete demoralisation of trades during the last two or three years. How acute is the fall in the price of silver can be seen by a glance at the prics of the last four years, i.e., from 1927 to 1931. In 1927 the price stood at 30 pence and now it has come down to the ridiculously low level of 13 pence. The problem of silver is of paramount importance to India for reasons more than one. Silver is both a standard and store of value. The Indian people by habit and custom invest their savings in silver. The value of hoardings, though difficult to estimate precisely, is roughly computed at Rs. 400 crores. The far-reaching effects of the depreciation of the value of these holdings on the purchasing capacity of the people have told adversely on all commodity prices, resulting in the present depression. Further, the sharp fall in the price of silver has shaken the confidence of the masses in the intrinsic value of the rupee which

accounts for the heavy influx of rupee coins in the treasury during the last four years. The sale of silver was recommended by the Hilton Young Currency Commission, with a clear understanding to acquire gold to establish a gold bullion standard, but I submit that the object with which this recommendation was made by the Commission has been frustrated, for the proceeds of the sale, instead of being invested in gold or gold securities are frittered away in maintaining an artificial rate of exchange of 1s. 6d. The Government attribute this abnormal fall in the price of silver not mainly to their programme of silver sales but to over-production. How fallacious is the plea of Government can be seen if we look to production figures of the last two years. In the year 1929 the production was 263 million ounces, while in 1930 the same was 240 million ounces, which is a decline of about 10 per cent. Further it is almost likely that owing to the present low level of prices the production for 1931 is not likely to exceed 180 million ounces. Thus though the production has begun to decline, we still see the strange phenomenon of the price of silver going down out of all proportion. This can be only accounted for by the policy of Government in selling silver at any time and at any price. As pointed out by the previous speaker, even the London bullion brokers clearly express the view that the decline in silver is mainly due to the policy of Government of selling silver. Further, the imposition of a duty of 4 annas per ounce in March 1930, and an additional duty of 2 annas per ounce recently has made the internal price artificial. Even with such a protected market Government are selling silver in foreign countries, thereby losing in the form of freight and other charges.

In view of all these circumstances the best remedy to avert a fall in silver is that Government should cease the sales of silver. This will react favourably on the price of silver and consequently favourably affect the economic condition of India, China and the world. With the restoration of faith in the stability of silver prices and the improvement of the economic condition of the people of this country, the process of annual absorption of the rupee, roughly at the rate of 10 crores, will revive and within a period of 10 to 12 years the whole reserve will be disposed of.

I therefore hope the Government will consult the parties for the solution of this problem as mentioned in the last paragraph of the resolution and decide their silver policy. This is a very mild suggestion which the Government will be pleased to accept. With these words I second the resolution which is placed for your acceptance.

The Honourable Sir George Schuster: Sir, looking at the clock, I will endeavour to be very brief. I find it a little difficult to know exactly what points to take up for reply. Both the speakers have covered rather a wide field, and I think perhaps they may be open to a charge of having dealt with points which were not exactly covered by the resolution. As I understand it, Sir, there are two main points, to which attention is wished to be called, in the resolution. The first is that the Government of India should do what they can to co-operate with other silver interests in the world, to take steps for improving the price of silver either by co-operating in some scheme for bringing the price of silver into relation with the price of gold or in some other manner. And the other point is one which is mentioned as an addition to the resolution that the Government of India should decide their silver policy in consultation with a committee to be nominated by the elected members of the Assembly and representatives of this Federation; and that until this is done the Government of India should not sell any silver. Now, the second part of the resolution is a simple and concrete matter, the other raises very complex questions. I am afraid that as regards the simple and concrete matter, the suggestion that we should appoint a committee, and that we should decide our silver policy in consultation with that committee, I must say outright that I do not think any Government really could accept such a suggestion. The selling of silver stocks, I am sure my Honourable friend who moved this resolution with his knowledge of the silver market would confirm, is a matter which requires very great discretion and very great secrecy; and I think it would be quite impossible for any Government,—and here I may feel that I am protecting the interests of my Indian successor,—to agree to co-operate with an unofficial committee in a matter of executive policy of this kind. I would further put to this meeting that, although they may disagree with our action in selling silver at all, we really have handled our silver sales extremely well. I am sure my Honourable friend who moved this resolution will confirm that we have handled our sales with discretion and that we have never come in on a weak market. We have always taken the opportunity when there was a temporary strength to dispose of silver, and took that opportunity of selling, and I can certainly testify from my own experience that there has been no occasion in our silver policy where the immediate period after we have concluded the sales has been a period of weakness. We have always been able to select a period which has proved to be the beginning of a period of a slight strength, and I could prove if I

were to disclose facts that we really have been clever in our silver operations. But that does not affect the main question as to whether we should sell silver at all; and on that I think I am entitled to assume that opinion in India has somewhat changed in the last 12 or 18 months. I feel somehow myself that when I get up to speak on this subject I am not met by that absolutely uniform hostility with which I used to find myself opposed. I think there are some members of the commercial community who recognise that the Government of India in the interests of India must to buy back again at to-day's prices the silver that we have sold consider the disposal of India's silver stocks. After all we tried in the past four years, we should make a very handsome profit indeed for the Indian taxpayer. Coming now to the second point, the question of co-operation with other silver interests for improving the price of silver, here I may say that I am entirely in agreement with the resolution. If we could find a means of co-operation we would undoubtedly take it, and that I have myself stated publicly on two occasions. I cannot disclose to this meeting exactly what passed between us and American interests in this matter; but I gave a pretty good idea of what had happened in my Budget speech this year, and I then made it clear that the American interests had shown no disposal to go further than the scheme which had been discussed publicly in the press, which really meant this that the Government of India should hold out of the market altogether until the price of silver got to about 50 cents an ounce which is something like 24 pence an ounce. Until the price improved to that figure the Government of India should keep out and leave the market free to the American producers. I think that everyone will agree with me that for the Government of India to have acceded to a self-denying ordinance and to an one-sided arrangement of that kind, would have been to neglect the trust which we hold for the people. We are really in the position of any producer of silver. I maintain and I always have maintained that our position is no different from that of the owners of a silver mine. We have a certain definite quantity of silver to sell just as the owners of a silver mine have a certain definite quantity of silver to sell; and I have never been able to understand why the holders of silver which is already produced and available for sale should have less consideration and less opportunity to dispose of their stocks than those who own mines which may in the future produce silver. In that view I should have thought that if anybody can reasonably be asked to restrict his production, or rather restriet his sales, it is the man who is producing new silver rather than the public

authority who owns silver which is already in existence. Now the figures of silver production are interesting figures, and I think they should be studied before the charge is made that the Government of India is solely responsible for the slump in price of silver. As a matter of fact the actual new production of silver which had fallen to 175 million ounces in 1921 rose to 261 million ounces in 1929. That is an increase of something like 90 million ounces of new production. The Mexican production alone rose from 64 to 108 million ounces. That was a period of increasing production and that was also a period when a great many other governments besides the Government of India were putting silver from old coin on to the market. The Government of India was only one factor in the situation and whether we had sold silver or not the fact that we were in possession of this surplus stock would, as the mover of the resolution himself has admitted, have acted like a damper on the market and could always have been referred to as an important factor in the situation. I quite agree that India has been an important factor in the situation, but why India should be selected alone from all those sources of supply which have gone to make the over supply on the market I have always failed to see. Now, while production of new silver was going up between 1921 and 1929, from 175 million oz. to 261 million oz. the other supplies were also increasing; and actually taking those two years including new production and other supplies, according to my figures, there was about 200 million ounces available for sale in 1921, which rose to 319 million ounces available in 1929. That is an increase of nearly 60 per cent. Out of that extra 119 million ounces the Government of India has only contributed on an average less than 30 million ounces a year. Therefore I say it is completely misleading to point to us as the sole factors in the situation.

That is all I need say on the subject. I am afraid as regards co-operation with other interests I cannot say anything practical. All I can say is that we are ready to take advantage of any opportunity that occurs and that we are doing all that we can ourselves to create the opportunity. I cannot say more than that. The position is a difficult one; it depends entirely if I may put it on whether the American producing interests are willing to take a reasonable view of the situation or not. The whole question of silver and the possibility of giving silver a suitable value in relation to gold raises such complicated issues that I am sure no one would wish me to enter upon that at this time. (Cheers).

Mr. Chunilal B. Mehta: Sir, I will reply very briefly. The policy of selling silver is not a new one. I am sorry the Finance Member does not agree to a conference as suggested in the resolution. It has been laid down by the Hilton Young Commission and the whole world knows that silver is to be sold; and the Hon'ble Member has admitted that the huge amount of silver holdings by the Government has acted as a damper and very adversely affects the silver market.

As regards the credit for selling silver at very high prices and saying that the Hon'ble Member could buy all the silver he needs at present at low rates, I do not agree. If the Indian Government comes out to buy I am certain he could not buy back even at 25d.

As regards production, from 1921 onwards it was a period when production certainly increased and that was because prices were high, Government of India themselves bought at dollar an ounce. However production of other metals during this period increased more in proportion to silver. The Finance Member says that the Government of India is not the only factor. But responsible British opinion clearly says that the policy of the Government of India is the main factor and his contention therefore cannot stand.

As regards selling 30 million ounces a year, I would suggest this: the Government should tell the world "We are going to sell 30 million ounces a year and will within, say, ten or fifteen years." Let the world know what you are doing. Otherwise it will not help any one, either the Government of India or the world at large. If you decide your policy your silver will be taken up at much higher prices than you are getting at present. I therefore think a policy is required and I would urge that my resolution should be accepted.

The resolution was put to vote and adopted.

The Chairman: I may say a few words in reply to what Sir George Schuster has said about our co-operation in connection with retrenchment. Sir Purshotamdas Thakurdas has already expressed his personal views. At this stage I can only say this: that if the Government would address the Federation in this matter we will consider very carefully the question of giving our whole-hearted co-operation. But I can say this much as to how

the mind of the members of the Federation may be working in this direction. There can be no doubt that no one can be more anxious than ourselves to give our co-operation to any action which might be calculated to reduce the administrative costs; but I should like to make it clear that if we offer our co-operation, it will be on our condition; we are not satisfied with applying a pruning knife here and there. What we want to apply is not a knife but an axe; and if we can be assured that we would be able to apply an axe to the administrative expenses, then I have not the least doubt that we would only be too pleased to give our co-operation. We have expressed our views in that direction off and on. So far as the military expenditure is concerned we are already committed to very very substantial reductions. Many of us feel as to why it is neccessary for us to spend such a huge sum as 55 crores when our neighbours do not spend one-tenth or even one-fifteenth of what we are spending. Our President in his speech yesterday remarked about the emoluments of the services. They were increased under the Lee Commission recommendations; and since then the level of prices has come down to such an extent that it is only just to India that those agreements should be revised. I just want to tell all these things in order to tell Sir George how our mind has been moving in such matters; and if he thinks that we could be of real service, we will only be too glad to give our co-operation; but as I have said on one condition; we do not want to apply a small pruning knife, and cut a few lakhs here and there. We are not satisfied with that and therefore I say that if he wants our co-operation as he says he means business and is serious—if he really means business—we also mean business and we are absolutely prepared to give our co-operation on our conditions.

I should like to extend our hearty thanks to him for giving us the benefit of his presence and I hope he will continue to take the same interest in our deliberations in future. (Cheers).

The Hon'ble Sir George Schuster left the House.

The Chairman then announced that the elections would take place and those who were not present would receive the ballot papers and deposit them in the box before 1 p.m. He also suggested that the resolutions on the agenda paper should be disposed of before the meeting adjourned that day: and the next day resolutions not on the agenda would be taken up.

The Chairman next announced that Mr. Walchand Hirachand had withdrawn his candidature for the presidentship—and that being so he declared that Mr. Jamal Mahomed Sahib had been elected President unanimously.

At this stage Mr. Fakirjee Cowasjee wanted to explain his present position re: nomination from Sind.

Mr. Fakirjee Cowasjee: I want to satisfy members

The Chairman: We are all satisfied. (Several members: We are all satisfied).

Mr. Fakirjee at this stage resumed his seat.

Mr. Srikrishnadas Lulla: I am very glad to hear from Mr. Fakirjee that he represents Bombay and London as well, but I must say that he has not been taking interest in Karachi, because he represents other interests. We would certainly like to see Karachi represented.

The Chairman: Gentlemen, there is one other point on wnich I should like to have your advice. I do not know whether there are many such members who represent more than one constituency. Supposing one delegate represents more than one constituency, do you think he should be entitled to more than one vote? I think democracy demands that he should have only one vote.

A delegate: Then the other constituency will go unrepresented?

The Chairman: We can't help for it. I do not think that it would be fair that one member should represent more than one constituency.

The House agreed with the decision of the Chairman that one member should vote for only one constituency.

The Chairman: One more point I would like you to keep in mind. Mr. Meera Rowther was a delegate from Southern India Chamber. But we have received a telegram from his constituency that he is not going to represent them here. Therefore, he has been replaced by Mr. Vidya Sagar Pandya. Therefore, Mr. Meera

Rowther is no longer a candidate, and he cannot be a candidate for the membership of the Committee, because he has been replaced by Mr. Vidya Sagar Pandya.

Mr. Vidya Sagar Pandya: I am not anxious to be on the Committee.

The Chairman: I say you are a delegate, while Mr. Meera Rowther is no longer a delegate, and therefore he cannot be a candidate.

Seth Walchand Hirachand; That means there are only 31 members now instead of 32?

The Chairman: Yes.

Gentlemen, you are not to vote for Mr. Jamal Mahomed Sahib, because he has been elected President.

At this stage the voting papers were being distributed and the election of the Executive Committee proceeded.

The Chairman: I hope every delegate has received his voting paper. If any gentleman has not received his voting paper, he has to inform me. Those who have received their voting papers must give them back. I would like them to return the papers so that we can seal the box.

The ballot papers were then taken and placed in sealed box.

The Chairman: Order, order. Now, gentlemen, we will now resume the debate on Resolution on Industries, and I would call upon Mr. H. S. Mahomed to support the resolution.

Mr. H. S. Mahomed (Indian Match Manufacturers' Association, Bombay): Mr. President and Gentlemen, in the year 1927-28 the Indian demand for matches was equal to its production, as was estimated by the Tariff Board. A warning was given by the Tariff Board to the Swedish Match Company not to try to struggle out the indigenous concerns, as they had done in other countries by making use of their vast resources. In spite of this, however, the Swedish Match Company has expanded the capacity of its four factories which it had at the time and has now

seven additional factories. Sir, you will see that when the supply is so much more than the demand, the additional goods are dumped on the market,—and the Government say that they are watching the market; but surely, this over-production could not have been made in a day. Ever since the inquiries of the Tariff Board, the Swedish Match Company has been increasing its output simply for the purpose of dumping it upon the Indian market. During the war Japan had captured the Indian market. In order to regain it, the Swedish Match Company sold matches here for which they got the net sale return of Rs. 0-6-6 gross—a price ridiculously low and never heard of in the history of the match trade. When the Japanese people could not hold out, the Swedish Match Company bought their factories at scrape rates and closed them down.

In paragraph 115 of their Report the Tariff Board has pointed out that it is the aim of the Swedish Match Company to import matches from Sweden rather than manufacture them here. The Tariff Board held that India was able to make its own matches economically and of equally good quality as compared with the Swedish matches. Just as they did in Japan, they have employed various stratagems in 24 different countries of the world. Sir, I have with me materials to show how they have obtained control in Belgium, Germany, America, Greece, Italy, Czechoslovakia, Jugoslavia, Australia, Canada, etc., etc., and how they obtained 80 per cent of the world's match production. It is now the turn of India. I have already shown you how they have augmented their production. Besides this they have reduced prices by 40 per cent. Only one of their eleven factories paid out Rs. 2 lakhs as refund for the recent drastic cut in their rates for the unsold stocks carrying higher rates lying with their constituents. They allow in some places a deferred rebate of Rs. 3 per case to constituents who do not buy the goods of others. This precludes the indigenous manufacturers from selling their goods. They allow in Calcutta credit from 3 to 6 months. They bind down principal dealers by making a syndicate of dealers in big centres and allowing special terms to them.

When so much has been made of the vested interests of the Swedish Match Company by the Tariff Board, I am sorry to say that when our vested interests are at stake, the Government is so slack. The Swedish Match Company wishes that the Indian factories should close down so that they can import matches from the Swedish factories, holding their Indian factories as a check

against Indians re-starting the industry. The protection given to the indigenous match industry is thus being usurped by a foreign trust. And all this for what return? The Swedish Government will not allow any foreigner, even a Britisher, to hold more than 1-5th of the voting power in any Swedish joint-stock company. The Swedish Match Company has issued A. shares for Swedish people having one vote for each share, and B. shares for foreigners having one vote for every 1,000 shares. When the Swedish Match Company made an agreement with Messrs. Bryant and May, the British match manufacturers in 1927, all British territory was included except India. Is India then to be considered a common ground for exploitation by any rank foreigner? Government must distinguish between Indian, British and foreign interests and not allow such foreigners to exploit the country: our vested interests should be guarded and not those of the foreigners. If immediate steps are not taken, Indian manufacturers will not be able to hold on any longer, as prices have gone much under manufacturing costs. The factories will close down, and all the money put in by the Indians will be lost. Imagine, Sir, what a deterrent influence it will have on the future enterprise of India. So much unemployment will be augmented. Even a backward country like China is now trying to bar out such exploitation of its country, but our Government is still going on with its red tape business. It is such lukewarm attitude of the Government that embitters the feelings of Indians more than anything else. I hope the Government will not be in this case a day after the fair, as Mr. M. R. Jayakar says it has always been. I will now read a few passages from the Tariff Board's Report from which you will see that they are self-contradictory and made out to please all concerned. We read in para 29 of their Recommendations:

> "Considerable provocation has been offered to Indian manufacturers by ill-considered actions on the part of some of the company's officers, such as the production and sale of inferior matches and the employment of questionable methods of advertisements and negotiation."

In paragraph 28 we get this:

> "We find that there is no ground for the complaint that the Swedish Match Company is engaged in unfair competition with factories under Indian control,"

And in para 30, we find they say:

"We have not found that the interests of the Indian industry have been jeopardised by the activities of the company or that up to the present the existence of these factories in India has been prejudicial to the national interest."

You will thus see, gentlemen, what a handicap has been placed in the way of Indian factories by this foreign syndicate. I therefore accord my support to the resolution and resume my seat.

Mr. Nalini Ranjan Sarker (Bengal National Chamber of Commerce, Calcutta): Mr. President, our esteemed friend, Mr. Hoosseinbhoy Lalji has made some pointed reference to our attitude regarding the salt industry. I crave your indulgence to make a statement to clear the position.

The Chairman: Is it Bengal versus Bombay! (Laughter).

Mr. Nalini Ranjan Sarker: I think it is not fair to Bengal to say that she has not the interests of other industrial provinces at her heart. (Hear, hear). We have demonstrated our sympathy with the demand for protection by other provinces in many ways, for instance, in such matters as protection to the textile industry or iron and steel. Bengal has never protested against the protection or the tariffs, although the main benefits passed to other provinces. (Hear, hear). Bengal also supported very strongly the Coastal Traffic Bill of Mr. Haji, though she quite realised that she did not stand to gain anything by this measure, at lease immediately. (Laughter). Bengal, I may repeat, is not opposed to the protection of national industries, but our view has been that Bengal being the largest consuming province may justly demand that her views and interests should be taken into account in framing a national economic policy. (Hear, hear). I am anxious, Sir, not to be misunderstood. I prefer to be exploited by my own countrymen rather than by foreigners, (hear, hear), nor do I want that we should become instruments in the hands of unjustly vested interests or of people who stand for the policy of divide and rule. We are always prepared to accord our support to all measures for promoting national industries; but, on the other hand, we feel that we can reasonably demand, where more than one course is open to the Government to protect any particular industry, that the method should be adopted which is least burdensome to the consuming provinces, particularly when such protection means a benefit mainly to one province in the

first instance. In fact, this was the consideration on which my Chamber took its stand when it opposed the levy of salt duty and suggested that the indigenous industry should be protected by the grant of a bounty. I would, therefore, submit that a very wrong impression has been formed regarding the attitude of my Chamber. Taking into account the significant fact that the consumption of salt is confined to our one particular province only, the Bengal consumers were thoroughly justified on ground of national economy to insist that the responsibility of supporting a national industry should, instead of being fixed on a particular section of consumers, in excess of their capacity to bear it, rather devolve on the general body of tax-payers. I should ask you, Gentlemen, to consider the case in this light and see if the demands of Bengal consumers were not justifiable even on the score of equity. I need hardly remind you that the question regarding the distribution of the duty was not in contemplation before the subject was referred to the Committee appointed by the Assembly. The proposal emerged out of the deliberations of this Committee and the principle of the distribution of the duty in the manner recommended by them is a frank acknowledgement of the special claims of the consuming community in this particular instance. I am sorry Mr. Hooseinbhoy should have referred to our attitude in a spirit which is not at all justifiable, without trying he should have tried to understand our point of view. I would not have taken up your time to clear our position here but unfortunately Mr. Hoossainbhoy's remarks left me no option.

Mr. Hooseinbhoy A. Lalljee: Sir, on a point of personal explanation. I am very sorry if I have given any cause of complaint to my friend Mr. Sarker, but I never said the word that has been attributed to me. What I said was that I was surprised to see that the Bengal was not anxious to develop their own salt industry at their own coast. If they had supported the measure that was before the Assembly, I am sure they would have now realised that by giving that support they would have been at liberty to manufacture their own salt. And, above all, Sir, I never said that Bengal was in love with foreign salt. I am very much obliged to my friend for the assurance given and I really feel sorry if he has taken any of my remarks so much to heart. I think my remark that they also ought to become industrialists has somewhat upset him. But, Sir, I never uttered those words that have been put into my mouth, in fact, I will admit Bengal is as nationalist as any part of India.

Resolution re: Industries was put to vote and agreed to unanimously.

The Chairman: I would now call upon Mr. Ranchordas H. Gandhi to move Resolution No. 6 regarding Burma.

BURMA

Mr. Ranchordas H. Gandhi (Burma Indian Chamber of Commerce, Rangoon): Mr. Chairman, I have the honour to move the following Resolution:—

"The Federation is of opinion that the question of the constitutional evolution of Burma should be left to the decision of the people of Burma. There are ample indications to show that responsible Burmese opinion is dissatisfied with the decision of the Round Table Conference and the Secretary of State's statement in the House of Commons on the 20th January last to pursue separation without Dominion Status. The Federation considers that the proposed Federation of Indian States and provincss has created a new position under which Burma can join with such federation with great advantage to herself. The Federation, therefore, urges that full and proper facilities should be provided for the people of Burma to express their free and clear opinion on this matter otherwise rendered more difficult owing to repressive laws now in force.".

Sir, this resolution is to a certain extent self-explanatory. As we all know, since the war and especially after the advent of Mahatma Gandhi into Indian politics the desire for self-determination is all the more keener and therefore it is in the fitness of things that this Federation representing the great Indian commercial community should leave the decision of the separation of Burma to the will and desire of the people of Burma. As we all know, Burma was annexed to India perhaps against the will of the people of India, or perhaps the people of India had no voice in the matter, and as long ago as 1885 the Indian National Congress passed a resolution against its annexation. Then we know also that the late lamented Mr. Gokhale used to cry in the Imperial Legislative Council—although his cry was a cry in the wilderness—, about the great burden of crores and crores of rupees that was levied on the Indian tax-payers on account of the expenses of Burma. However, as the province of Burma became a part of India, people from various parts of India began to visit that province for business or other purposes just as people go to Delhi Madras and Bombay. And the Indians have large stakes in that

country. Nevertheless they are in a minority—numbering about 10 lakhs. Now, Sir, as we want self-determination for ourselves, we also wish that the Burmans should also have self-determination for themselves. And it is with this view that the Indian community residing in Burma has left the decision of this question entirely to the will and desire of the people of Burma and that feeling is very well expressed in the resolution that I am moving. I need not, therefore, Sir, dwell on that aspect of the case any more; but there is another thing also to be borne in mind. There are complaints from the people of Burma, viz., the Buddhist Burmans whose number is more than about 130 lakhs. Their complaint is that they have not been consulted properly. I may tell the House that several opinions are being held in this matter. There is one section of the people in Burma which wants separation at any cost whether the people of Burma get Dominion Status or not. Then there is another party which is called the People's Party which is in favour of separation only if they get Dominion Status. They maintain that their number is sufficiently large to justify this request. At any rate, they do not want separation unless they are given a constitution which is in no way inferior to that of other provinces of India. Then there is the third party, which believes in the homogeniety of Burma with India. They believe that the Indian culture and the Burmese culture is one and the same and they say that it is the greatest and the largest party in Burma. The name of this party is the General Council of Buddhist Association. They say it is to Burma what Congress is to India. I may tell you that since the last 10 years it has been the most predominant political party in Burma. It did not take part in the deliberations of the Simon Commission. It did not take part even in the Council elections. They have boycotted the Legislative Council of Burma for the last so many years. The President of this Party has wired to all the public Associations in India saying to the effect that if they take part in the elections, they will be able to return the largest number of members. We find from the reports of the proceedings of the Round Table Conference that even the Prime Minister had to acknowledge that there was a difference of opinion amongst the Burmans themselves notwithstanding the fact that the Sub-Committee had recommended the principle of the separation of Burma for the acceptance of the Round Table Conference. I may also draw your attention to one important fact. The Sub-Committee on Burma had not before them the scheme which was later on declared by the Prime Minister on the Federation of Provinces and Native States. That scheme was not then evolved and therefore it was

not made public and the Burma Sub-Committee did not know anything about this scheme at all. Later on when the Burma Legislative Council discussed this point in Rangoon, even people who had stood for separation said that as a new situation was created they must take the new Federal scheme into their consideration. U. Ba Pe who was one of the delegates to the Round Table Conference also said to the effect that he did not want anything which was less than Dominion Status even if separation was granted. But it appears they wanted to wait and see how far real autonomy would be given under this Federal scheme, and then decide for themselves whether they should join in the Federation of future India or not. It was in this strain that the important associations of Burma wired to the Secretary of State for India, the Prime Minister and the Viceroy. As we all know, recently there was a debate in the Legislative Assembly and the views expressed there were unanimous, and I am glad that Mr. Arthur Moore, the representative of Europeans, also declared that as far as the Europeans were concerned, they did not want to do anything which was against the wishes of the people of Burma. This principle was unanimously accepted by the Legislative Assembly and it was decided that a referendum under the direct supervision of the Government of India should be taken of the views of the people of Burma. This Federation therefore in accordance with the wishes expressed there and also in accordance with the popular wishes of the Burmese people and also in accordance with the wishes of those Burmans who recently visited India, has put forward this resolution for your acceptance. There are many difficulties and complications but I would not like to refer to any of them. At least I should tell you one thing for your consideration. The people of Burma belonging to all sections of political thought say that only one side of the case was represented at the Round Table Conference. Whether these people who complain would have gone to participate in the Round Table Conference or not, I am not prepared to say, but in any case there was only partial representation of Burma. So, in the second Round Table Conference which is going to be held in London, I think it is but fair that they should be afforded an opportunity to be represented there. They have also wired to the Congress and other associations to this effect. Some efforts were also made to approach His Excellency the Viceroy in this matter. I do not know what has come of them. In any case, I hope and trust that this Federation will be very much pleased that the people of Burma are given this opportunity to find out a solution of this

complicated question for themselves and thus bring about a solution by good-will and agreement so that there may be no dissatisfaction. With these words, Sir, I beg to move the resolution for your acceptance.

Mr. B. Das (B. and O. Chamber of Commerce) *Mr. Chairman, I have great pleasure in supporting the Resolution moved by my friend Mr. R. H. Gandhi. The Burmese people along with the people of India want self-determination and they want Dominion Status. The Indian public have never accepted the Prime Minister's dictum that the separation of Burma is a settled fact. So also the Indian merchants through this Chamber have never accepted that doctrine that the separation of Burma is a settled fact. The people of Burma kept themselves aloof from the Round Table Conference and they have not accepted that doctrine and I am glad that Mr. Ranchordas Gandhi who represents the Indian Chamber of Commerce is willing to concede to the Burmese people the right of separation in case they require it. Those delegates from the Federation who are going to the Round Table Conference go there with an open mind, that is, they do not accept the separation of Burma as a settled fact. If the people of Burma, not the Indians in Burma, but the Burmese desire separation let them have it by all means, but we, who have lived and worked together for many years, do not like that Burma should be made a colony and should be made the hunting ground of English merchants and English capitalists. We have recently heard of all the riots that were started in Burma against the Indians. As far as I have been able to judge, I know that some of the Uriya labourers and some of the Andhra labourers in Burma were murdered. But my firm conviction is that those riots were incited by vested interests of the European mercantile community, or it may be as some say the riots were inspired by the Burmese Government and the recent enforcement of the repressive measures that have been initiated so that Burmese public opinion should not filter to India and should not filter to England, that also has been engineered by the European mercantile community and by the Burmese Government. However, on behalf of the Federation, I want to make this assurance to the public of Burma that Indians will not stand against the Burmese desire for separation. But the Indians would not like that Burma should be separated and turned into a Crown Colony of England, but that Burma should attain the same Dominion Status

*Speech not corrected by the Speaker.

and above all, we, all Asiatics, want eventually an Asiatic Federation of all Asiatic nations. We would like that Burma should remain alongside with India as our equal partner and work up to that high ideal of Asiatic nations and if the Burmese people, in time, decide to secede, as I learn they want the right of secesion from India after the attainment of Dominion Status, it is their look out and not ours.

The Chairman: I hope Mr. Maung Maung Ji will not take a long time in speaking on this motion.

Mr. Maung Maung Ji: Gentlemen, I desire to thank your Executive Committee for the invitation they have extended to me to speak on this question. Fortunately for me my task has been rendered easy by the speeches of my two previous friends and I wish to impress on the minds of those who are in this august assembly, the need to get your support and sympathy. I have had a ready and unaffected sympathy wherever I had been and the Indian National Congress had given every support to the wishes and aspirations of my people as embodied in the Resolution passed by the Congress. But unfortunately the work of the British Government in Burma is to separate Burma from India so that the vested interests may exploit Burma to their hearts' content. You will have realised that according to some of the politicians of the West the joining of India and Burma together is considered as an historical accident. In this connection, I should like to say that the British sovereignty in India is also an historical accident. In fact the Norman conquest of the Saxon Britain was also an historical accident. When these accidents seem to suit the British people, they bring out the same accidents in order to suit their game. I do not want to touch much on the cultural and religious unity of the two countries. Within the narrow space of time that is allotted to me, I will just enter upon the outskirts of the cultural affinity of the two countries. You have got sacred cities all over India. You have got the sacred rivers all over India; you have got at the same time the sacred mountains all over India and they all are scattered all over this great country so that the cultural unity of India may be kept alive. In the same way, we who live across the Bay of Bengal look up to these sources of spiritual life as a Hindu in the South of India would look up to the sacred river Ganges in the North. (Applause). In the same way, we who live across the Bay look up to Bodh-Gaya, the place where the Lord Buddha attained his enlightenment as a source of spiritual inspiration. Therefore, if

the Government or those people who have got vested interests in Burma say that there is no cultural affinity, that there is no religious affinity with India, then I say that they are not quoting history in the light of truth. Sir, this Federation I am told is the richest assembly in India. It consists of men, merchants who probably if they put their resources together can buy up Burma and addressing an assembly such as this, I should not appropriate much of your time in discoursing on the spiritual and cultural aspects but more time should be spent on the economic aspect of the question. I will therefore put before you the incalculable benefits we derive from the union of India and Burma. Burma's imports from India average something like 14 to 16 crores in value and the chief articles are gunny-bags, tobacco, twist and yarn, piece-goods, coal, etc. As against this Burma's exports to India average about 24 crores and rice which form about 46 per cent, the other important items of export being timber and mineral oils. You will therefore see that there is mutual benefit for the two great countries. If Burma is separated, speaking from a selfish point of view, I think Burma will be the worse from the economic standpoint. If Burma is separated in the economic sphere, India, being a bigger country, can afford to raise her tariff walls against Burma and I am afraid Burma will be the great sufferer. India can get rice from any other part and if India does not choose to buy from Burma, she can afford to do so and under the Federation scheme, I am sure you will have a very gigantic scheme of irrigation and the cultivation of indigenous rice will be introduced in other provinces and when the question of cultivating indigenous rice comes then probably our poor market—the Burmese rice market—will be absolutely ruined by the cultivation of paddy in this country.

Now, you may take the question of gunny bags. We have no near market for gunny bags. We will have therefore to go somewhere else and in that case we shall have to pay more for the gunny bags, because of the great distance we have to carry and therefore the price of rice will naturally go up and we will be the sufferers in that case too. With costly gunny bags, the export from Burma will have a hard time indeed against other centres like Saigon, Japan, etc., on this side and under the five years Soviet programme in Russia on the other side. If Burma and India are one, Burma would be a Member of the new Federation like any other major province of India and adjustments by tariff walls against other outside countries would be all for the benefit of Burma. I feel that we may derive greater benefits if we are

to be an autonomous partner of the Great Indian Federation. It was Sir Harcourt Butler who admitted that the connection with India is of great benefit to the Burmese people. Now, we have got to consider the question of capital. In this connection I should like to mention the advantage that we derive from the capital invested by the Chettiar community. Para 799 of the Report of the Burma Provincial Banking Enquiry Committtee, Vol. 1, says, that the "Chettiars (South Indians) are justified in their claim that they have supplied the capital required to develop Burma and that no other agency has yet appeared that was able and willing to supply capital as they have done." That is a factor which we must take into account. You will therefore realise that our connection with India will be a great benefit to us also and it will be a great benefit to you also. I feel, as I talk to you, that my time is flying and I have therefore very little time to speak to you about the motive that lies hidden in the separation of Burma from India. The intention of the British Government in its attempt to separate Burma is to keep Burma all to herself for the purpose of exploitation. I know Great Britain is going to lose India. Why not keep Burma if she is going to lose India so that she may benefit to the fullest extent in her exploitation? We have got one of the most important things in the world—oil—and wherever there is oil, you find the British interests there. The British therefore do not desire that Burma should go out of their hands, because Burma could be turned into a powerful naval and aerial base and thus be an auxiliary port of Singapore base. It will become a great centre for the British to exploit us. Therefore every effort will be made to separate Burma and it will be our endeavour at the same time to do what little we can to keep the two countries together because in the unity of these two great countries we shall have the salvation of the masses of both lands. I know our people are so poor as your people. I also know at the same time that millions and millions of our people cannot even get one meal a day and the poverty is still perpetuated because of the economic exploitation of our people by the British. All that I desire is that you will be so kind as to consider our case so that our people may not be exposed to hellfire—if I may use a slang—and bloody exploitation of the British people. I desire to thank you once again for the opportunity you have given me and I venture, above all, to make an appeal to you, not so much on the economic unity of the two countries, but on the spiritual unity of the two great countries.

You have given us Lord Buddha, one of the greatest men the world ever has produced.

You have given us spiritual freedom, and to-day you have got Mr. Gandhi who may be considered another prophet who is solving the problems of the world by love. Are you therefore going to desert Burma at this juncture and say that you are going to close the door of the Federation against us? In the light of the work that you have done for us I am sure you will not desert us at the time of trial.

The resolution was put to vote and was carried unanimously.

RIGHTS OF BRITISH MERCANTILE COMMUNITY AND RESERVATIONS AND SAFEGUARDS

The Chairman: There are two more resolutions on the agenda, resolutions nos. 7 and 8. Resolution no. 7 was to be moved by Sir Chunilal Mehta and seconded by myself. As you know, Sir Chunilal Mehta has left and therefore with your approval I will move this resolution from the Chair. There has been some mistake in printing this resolution and an important portion has been omitted from it. After the word "enterprise" the following portion should be inserted:

> "and that the Federation puts its view on record that no reservations or safeguards of any nature whatsoever will be acceptable unless they are proved to be in the interests of India."

That was a very important addition which was made in the committee and by mistake it was omitted in print.

The full resolution now reads as follows:

"The Federation of Indian Chambers of Commerce and Industry disapproves of clause 14 of the Report of the Sub-Committee No. 3 of the Round Table Conference which deals with the rights of the British mercantile community. The Federation cannot agree to any restriction on the discretion of the future Government of India, to which there is no parallel in the constitution of any other free country as in the opinion of the Federation any restriction of the kind suggested would so fetter the future Government as to render it powerless to protect or promote indigenous enterprise and that the Federation puts its view on record that no reservations or safeguards of any nature whatsoever will be acceptable unless they are proved to be in the interests of India."

Mr. M. A. Master (Indian National Steamship Owners' Association, Bombay): Sir, I should like to know at this stage what

has been decided by the Executive Committee with regard to the resolution about the Round Table Conference. Am I to take it that this is the resolution which they have adopted or is there any other comprehensive resolution to follow?

The Chairman: The position is this. First of all, this resolution as it stands on the agenda was decided on. Then some members thought it necessary to add something about the political aspect of the thing, and we thought that the addition which I have just now read out would be adequate. We deliberately avoided putting in any other resolution because we thought that if we passed any resolution which would not tally with the resolution of the Congress it would appear as if we were in conflict with the Congress views. At the same time some thought that it would not be wise to identify the Federation entirely with some of the Congress views because they thought they could not be accepted by the Indian mercantile community. Therefore we framed this resolution which deals with two aspects; one is about the equality of trading rights with regard to which we disapprove of the resolution passed by the Special Committee of the Round Table Conference; and the other is about the safeguards and reservations about which we say we cannot accept them unless they are in the interests of India. We thought this resolution as worded would meet the point of view of the Federation. I personally think it is quite satisfactory but if any other member thinks it necessary to move any other constitutional or political resolution we will take it up afer the agenda is over with the consent of the House. I personally think this ought to be quite satisfactory. However, I should like to know the views of the House.

Mr. M. A. Master: What I wanted to know was this. In the minutes of the Executive Committee meeting which was held on the 5th February it was stated that a constitutional resolution about the Round Table Conference was to be framed. I want to know whether that is the resolution which has been read just now.

The Chairman: Yes, An important portion of the resolution was omitted in print which I have read just now.

Mr. M. A. Master: Then I submit that in view of the importance of the resolution and the thinness of the House this matter may be deferred till to-morrow.

The Chairman: I have no objection if that is the desire of the House. But is it the desire that there should be a debate on

this resolution? If a debate is not wanted it is better that we should finish the business to-day; but if the House wants a debate on this, we may postpone it till to-morrow. We have still a heavy agenda, and you will find that after these resolutions are finished there are many domestic matters which require discussion. For instance, in conducting the business of the annual session I find that there is no guidance in the rules and regulations. Probably I may have to make some suggestions to amend the rules and regulations in order that the future President may have adequate guidance. There are a lot of other domestic things to be taken up which will take up the whole of to-morrow. So if you think this resolution ought to be postponed I will accept your view. But I personally think that no debate is required and if the resolution meets with your approval we will pass it.

Mr. M. A. Master: What I desire to submit is that many members wish to take part in this business and it will be hardly fair to the absentee members to proceed with this resolution because it is a matter of very great importance.

The Chairman: If those members have left surely it is their own fault. They should not have left when there was much a heavy agenda, and they were hardly fair to us when we are sitting so late to finish our work.

The resolution was then put before the House and carried unanimously.

IMPROVEMENT IN THE CONDITIONS OF WORKERS

The Chairman: Then there is another resolution no. 8. This was drafted by my friend Mr. Ambalal and Mr. D. P. Khaitan was to second it. But the mover is not here now and I will therefore with your permission move it from the Chair. This again is a non-controversial resolution.

"While fully recognising that without adequate protection, patronage and co-operation of the State to withstand competition from foreign countries it is not possible to bring in India conditions which will improve to a satisfactory standard the well-being of all workers, the Federation calls upon its Member Bodies to make strenuous efforts to bring about such improvements in wages, in hours of labour and conditions of work—agricultural, industrial, commercial and others, as is possible under the existing unsatisfactory conditions in respect of protection, tariffs, and exchange and currency policy of the State."

The resolution was carried.

The Chairman: Now I will take such other matters on the agenda which we can finish to-day. We will take item no. 5.

"Adoption of the Fourth Annual Report and the Statement of Accounts for the year ending 30th November, 1930."

The Report has been circulated and if it is the desire of the House that the Annual Report and Statement of Accounts should be adopted we will adopt them.

Mr. M. A. Master: Sir, I have to make one observation. I wish to point out to the House that so far as the Report of the International Labour Conference is concerned.

The Chairman: I think I can explain it on your behalf. I have your letter before me.

Mr. M. A. Master: I will not take more than a minute. I was under the wrong impression up to now that it is not open to the adviser to make any report. My friend Mr. Fakirjee cleared the point. Mr. Fakirjee's report, I find from the proceedings, is merely recorded. So far as my personal information goes it is a very valuable document, a document which was sent over to the International Shipping Federation and it would be quite fair if the Executive Committee would extend the courtesy to Mr. Fakirjee of forwarding that report to Government just as the report of Mr. Jadu Nath Roy was sent.

The Chairman: I think the point which you raised in your letter was whether it is the delegate alone who is entitled to submit a report or whether the report should be a joint report, that is, signed by the delegate as well as the advisers. I do not know what is the view of the House in this matter, but if you will allow me to express an opinion, personally I think that as the Federation selects not only the delegate but also the advisers, the report should be a joint report signed by the delegate as well as the advisers. That practice has not unfortunately been observed in this matter. Mr. Fakirjee submitted a separate report and we had another report from the delegate and the delegate gave the impression that the report was a joint one. It appears now that you were not a party to that report which was submitted by Mr. Jadu Nath Roy.

Mr. M. A. Master: I have said nothing about the merits of the report. It was not signed by me.

The Chairman: Then my impression is correct that you were not a party to that report. I want to know whether you identify yourself with that report or not. Since you have not signed it, that means that you do not associate yourself with the report.

Mr. M. A. Master: I was never given an opportunity to sign that report. The report was submitted by the delegate and I was given to understand that the practice was that it was open to the delegate only to submit a report and not to the advisers.

The Chairman: What you have pointed out has been recorded, and I hope matters will be set right in the future.

Mr. D. P. Khaitan: I might state for Mr. Master's information that these reports are joint reports and usually bear the signatures of the delegate as well as the advisers. It is difficult to understand why this particular report is not signed by the advisers.

A Member: Including the European adviser, if any?

The Chairman: They are not our representatives. So far as we are concerned we should hold responsible only to those whom we select.

There is one other observation which I desire to take about these delegates. I have seen at times that when delegates come back from Geneva they give interviews to the press before they submit their report to the Federation and what they propose to submit to the Federation is given out to the press. Of course the Federation gave them no mandate to the contrary in the past, but I think it would be only fair to the Federation if in future until they submit their report they resist the temptation of giving interviews to the press as regards the work they may have done at Geneva. That I think would only be fair to the Federation.

Mr. M. A. Master: Are the other items of the report open to discussion? I know time is short but there is one more point to which I wish to draw the attention of the House. The Executive Committee have been receiving reports on various matters. It is quite natural but it is not possible for them to meet oftener than 3 or 4 times a year. A letter was sent by the Indian National Steamship Owners' Association requesting the Committee to adopt a procedure that when reports are received, copies may with the

permission of the President be sent down to the member bodies for their information and for such observations as they may like to make. It would be very kind of you if you were to enlighten me as to what the procedure the Committee is likely to adopt whether the reports will only remain with the Executive Committee till they meet and after the reports have been disposed of by them copies will be forwarded to the member bodies. This is a very important matter; after all we are business organisations and interesting reports come to the Federation.

The Secretary (Mr. Mulherkar): The letter referred to by Mr. Master was submitted to the committee two days back and the committee decided that "such reports should be circulated immediately to the member-bodies, requesting them to submit opinions on the reports. The President is authorised to take any action he may deem fit in the light of those opinions expressed."

Mr. Master: That is very satisfactory, Sir.

Mr. Fakirjee Cowasjee: May I be permitted to clear one point? You have asked a particular question why this particular report was not signed by the advisers and delegates. I was left in the lurch by the delegate going out of Geneva the following morning the conference was over; he simply left his address as to where he was going and he gave me to understand that he would be in London for not more than two days; it was difficult for me to find where the delegate was put up; and I personally think that courtesy was due to the advisers from the delegate that he should have sent his report to us first for signature or at least obtained our consent or what observations we would like to make. I waited for such a courtesy—for six months—and finding that it was not coming I took the task upon myself to frame a report in the light of the experience I gained from the work done there; and I am sure that had it not been for the courtesy of the International Organisation, namely, the Federation of International Shipping, the delegation would have been left in the lurch. I may also be permitted to say, without any sort of boast or pride, that when this report which was sent as a matter of reciprocity or courtesy to the International Shipping Federation in London, they wired for fifteen copies more: I do not know why, but they must have found it very useful, or at least very interesting.

The Chairman: I think now that all these points have been raised the best course would be in future when delegates are selected,

that the Secretary should guide them by sending a gist of to-day's discussions, so that they may keep in mind the views expressed by the House.

Mr. A. L. Ojha: In view of the remarks offered by you, Sir, about delegates in the matter of giving interviews to papers before sending in their reports, I would like to know as a matter of information, if it was the only time it happened, because I was a delegate last time and when I came to know about the resolution in this connection I wrote to the office here and what I was told was not quite clear.

The Chairman: I had no one in my mind—but a vague impression that some delegate had granted some interviews and we received the report long after the interview was granted. I do not remember who it was and I am making this criticism, if you call it a criticism, in the most friendly spirit: not as a grievance at all. I think it is only fair to us that we should know beforehand all about the work of our delegation instead of knowing it through the Press. May I take it that the Report and accounts are adopted?

The Report and the Statement of Accounts were declared adopted.

AFFILIATION TO NON-INDIAN CENTRAL ORGANISATIONS

The Chairman: I would suggest that item 7 be taken up:

"To consider the advisability of putting restriction on the affiliation of member-bodies of the Federation to other non-Indian Central Organisation."

Views seem to be divided on this matter. I think the safest course would be to put restrictions, because in the present political atmosphere we are naturally very suspicious. I think all this trouble was about some gentlemen in London attending the Federation of British Chambers of Commerce. I think it was Messrs. Udani and Banthiya who went on the nomination of the Gwalior Chamber of Commerce. Mr. Erulkar did not attend; but there was a row in London and this is all about that.

Mr. Walchand Hirachand: It started with that, certainly, but since then the situation seems to be, there are some special international organisations dealing with special subjects and we have

here member-bodies who are interested only in those questions, e.g., Gum Manufacturers' Association and shipping and matches, etc. There is an international organisation for shipping. Supposing there is an association here interested only in shipping, are they entitled to affiliate themselves to that international organisation?

Mr. Master: The International Shipping Conference is perhaps the largest body in the world representing shipowners' interests; if this motion is accepted I think we should have to dissociate ourselves from that organisation,—I mean the Indian National Steamship Owners' Association who were unanimously elected as a member of that international organisation.

Mr. Walchand Hirachand: My point is this: that it is to the interests of the Shipowners' Association that they should form part of this International Conference and no restrictions should be placed on the right of this association to become a member of that body which only deals with one special subject, namely shipping.

The Chairman: I think you have to adopt one general principle: either you put restrictions or you do not; you cannot have it both ways; I think the complaint was that these gentlemen in London should not have attended that conference. If it is the desire of the Federation that it is in the interests of Indian trade and commerce that such conferences should be attended by our delegates, then I think we need not put any restriction.

Mr. Walchand Hirachand: Can we not differentiate as regards these special international organisations?

The Chairman: I think that would be causing very great complication. You must have one general principle.

Mr. C. A. Buch suggested that the question be postponed till the next session.

Mr. Hooseinbhoy Lalljee seconded the suggestion.

Sir Purshotamdas Thakurdas: I do not think the idea underlying this is brought out. The correct thing would be to record this today, and if in the course of the year it is again raised, it should be

brought before us in a different form. I do not think it would be right to postpone this. As a matter of fact I think this has been hanging fire for the last eight months nearly, and I suggest that we say that "the meeting is of the opinion that this should be recorded."

This suggestion was adopted by the House.

REPRESENTATIVE OF THE FEDERATION IN GERMANY

The Chairman: We will take Item No. 8 now. The suggestion is that we should have some representative in Germany, and as it would not be possible at present to start with a big establishment, Mr. Mehta suggests that we should have an Indian who has domiciled there as our representative, and he should be given a sum of Rs. 1,500 per annum so that he might give us information about Indian trade and so on.

Mr. B. S. Dabke: Sir, may I point out to you that in the invitation cards it is stated that the items on the agenda will be taken one after another, whereas we find that several items have not been taken. For instance, we have not gone through Appendix A., B and C, and I find that the ordinary procedure has not been followed. It is no use our coming and voting or saying ditto to whatever is said by some one or other delegate present here. The fact is, Sir, we are all tired now. (Laughter)

The Chairman: I want to tell you, Mr. Dabke, so far as the controversial items are concerned, I do not propose to take them to-day. I am going to take only those items which in my opinion are least controversial.

Mr. B. S. Dabke: If there are no controversial items, then let them be taken as read . The fact is, we have been sitting here from 11 o'clock in the morning, and we have had no rest whatever. What is the use of rushing through things in this manner?

The Chairman: I am not taking any controversial things now, otherwise you will have to sit till 9 o'clock to-morrow.

Mr. Dabke: If some of these things had been taken up yesterday, we would have saved much of our time.

The Chairman: What could we do? We had to meet Mahatma Gandhi, and you had to attend the Garden Party.

Khan Bahadur Chandoo: Why not meet at 10 o'clock to-morrow morning?

The Chairman: If members like to meet at 10 to-morrow morning, I have not the least objection, but you will have to sit till mid-night to-morrow.

So, now I shall leave out No. 8, and No. 9 as they cannot be finished to-day.

Then comes item No. 10 which relates to the appointment of Honorary Auditors. About this, Gentlemen, now that the office is going to Madras, you will have to elect some one who belongs to Madras, and Mr. M. K. Dandekar is the gentleman whose name has been suggested for the post of Honorary Auditor. The question is that Mr. Dandekar be elected.

The resolution about the appointment of Mr. Dandekar as Honorary Auditor for the coming year was unanimously adopted.

Mr. Hooseinbhoy Lalljee: May I know Sir, what other controversial matters remain?

The Chairman: We have still to discuss items Nos. 8 and 9, and then in No. 11. there are some new resolutions also which have been submitted. Now, I should like to know, gentlemen, what you desire me to do with regard to to-morrow's programme. Personally, I should like to begin at 11 o'clock and finish the agenda paper by 1 o'clock and then take the National Committee meeting work.

Sir Purshotamdas Thakurdas: If possible Sir, we should not change the programme, because some members who are not present to-day will turn up to-morrow at 11.

The Chairman: A number of delegates who are absent have not received the ballot paper, and we have promised that to-morrow at 11 o'clock we will give them the ballot paper and finish the work by 1 o'clock.

Sir Purshotamdas Thakurdas: Then let us meet at 12-30, Sir.

After some further discussion it was decided that the Federation should meet at eleven of the clock on the next day.

The Federation then adjourned till eleven of the clock on Thursday the 9th March, 1931.

THIRD DAY'S PROCEEDINGS

Thursday, the 9th April, 1931, 11-0 a.m.

The Annual Session of the Federation commenced at the Delhi University Hall at 11 a.m. with Mr. G. D. Birla in the Chair.

The Chairman: Before we proceed with the business of the day I would like to call upon those gentlemen who were not present yesterday to receive their voting paper.

Ballot papers were issued to those representatives who were not present on the previous day.

Lt. P. S. Sodhbans: Sir, with regard to the supplementary resolutions which were circulated along with the agenda, there is one resolution about the establishment of a central library and a commercial secretariat. I was given to understand by Lala Shri Ram that we would be able to discuss that.

The Chairman: Very well, I will see about that.

Lt. P. S. Sodhbans: I have two other resolutions also.

The Chairman: Very well, immediately the business is over, we will take them up.

We had yesterday before us Mr. Mehta's Report about appointing a representative in Germany. I think the suggestion was made that we should discuss the matter a little more at length, and I should like to invite suggestions from some of the delegates. We were discussing yesterday item no. 8—that is, the suggestion made by Mr. J. K. Mehta, the Secretary of the Indian Merchants' Chamber, Bombay, that we should consider the appointment of our representative in Germany to look after Indian trade, and when we wanted to discuss that matter last evening some members suggested that we might postpone it to to-day; and so I should like to know if any more observations have to be made on that point.

Mr. Hoshang N. E. Dinshaw: I thought one Trade Commissioner had already been appointed? Shall we not be multiplying the jobs unnecessarily? Won't it be redundant? We have already got the man there.

The Chairman: If you will look into Appendix C, you will find a note by Mr. Mehta which will give you an idea. The question has to be discussed among ourselves in the first instance.

Mr. Fakirjee Cowasjee: Sir, a point of principle was raised—whether the Federation should appoint its own unofficial representatives in foreign countries. The Committee decided to refer this question to the annual general meeting of the Federation. It concerns the functioning of the Federation, and I have to request you to let me know if I should speak on the functioning of the Federation, or should restrict myself to this resolution and speak on the functioning of the Federation later on.

The Chairman: We are discussing at present the question whether we should have a representative in Germany of the Indian mercantile community. If you want to say something which is relevant on that point, I should be delighted to allow you to speak.

Mr. Fakirjee Cowasjee: Sir, the subject of the functioning of the Federation cannot be isolated when the question of principle has been raised, in dealing with this matter of Mr. Mehta. Doubtless the two are connected. It is impossible to isolate them as far as my view goes and I should like to be allowed to speak on both.

The point is this. As far as I recollect, when this body was founded in the year 1927 in Madras, it was generally believed that it would establish a secretariat which will deal with all the vital questions pertaining to this country as may come up year after year. This suggestion was taken up in the Executive Committee of 1928 which met here in Delhi, with the result that several suggestions came from the members then present, and a response was very generously made by some of my friends on the right as well as opposite, and that constituted the fund of Rs. 50,000. These Rs. 50,000 were required to be augmented by donations and contributions from other gentlemen who were not present then; It at least gave me the impression that it was agreed that a full grown secretariat with secretaries of powerful calibre would be established to deal with all the vital questions. Unfortunately, Sir, all the duties have devolved on the members of the Executive Committee since the last four years, and with what result? They have worked to my mind very strenuously; and not only have their labours been strenuous but they have been considerably

out-of-pocket to attend meetings whenever called upon, and sometimes at very short notice by telegram within 24 hours. They responded to these calls at great inconvenience to themselves and at great monetary loss and sacrifice; and the results achieved should satisfy any critic, but unfortunately it has been believed in circles which are not continuously in touch with the functioning of the Federation that Executive Committee of the Federation has a touchstone in their hand so that immediately any grievance comes up, the Executive Committee must meet in response to an S. O. S. signal, the touchstone must be applied and the grievance must be removed immediately; and if time is taken by the Executive Committee, there is a voice of discontent raised from the members who raised the grievance. Of course I admit that the affiliated members have a right to call upon a Federation of this nature to look into the grievances either provincially or generally, but I ask, where are the sinews of war for them? Do these members expect that the sinews of war are to be multiplied and supplied by the members of the Executive Committee themselves, or are these bodies prepared to supply those sinews of war? To-day a delicate position has arisen as a result of the discussions at the Round Table Conference. What has been the result? Several committees have been appointed to fight the battles at the Round Table Conference, not in India but on the other side of the Mediterranean. Proposals have come forward from those people who want to safeguard their interests in this country to form themselves into strong committees to present their views before the next R. T. C.: but, alas, India may shout as powerfully as possible at all the meetings but she is not taking any concrete measures to establish a secretariat which should examine all the pros and cons of the case as would appear before the R. T. C. and oppose it strongly with facts and figures. Our own nominees should be empowered, they should be given that strength to fight all those powerful bodies on the face of the globe in London. How are we going to do it? I therefore rise to say that the functioning of the Federation, as is surmised by the affiliated bodies should be raised to that standard that it should have a permanent secretariat, having secretaries of high calibre to assist the executive body to solve the vital questions appertaining to this country. In order that this can be done, the only possible method is to find the sinews of war, namely, money,—and the money must come forward from the affiliated members,—not in the shape of petty fees of Rs. 150 but in solid round rupees. Then, Sir, dealing with this particular question, there is a small misprint. As far as I recollect, Mr. Mehta went as adviser to the Employers' Delegate to

the 14th Session of the Conference and not to the 13th. However, that is only a misprint. The question naturally arose to the mind of my friend, Mr. Hoshang, that if a Trade Commissioner exists in Hamburg, would it not be duplicating the work if we appoint men also? With due deference to Mr. Hoshang, I may say, if he only knew the working of the Trade Commissioners and had what little inside knowledge I have personally got, he would be the first man to decry the Trade Commissioners wherever they have been appointed by the Government of India. But unfortunately my friend has not had that experience yet, but when he gets that, he will be of the same opinion as myself. Turning to the suggestion of Mr. Mehta, I personally think it is a very sound proposition if we get the proper man to represent the cause for which it is proposed. The question is to get the right man. I am not doubting the integrity of the man that Mr. Mehta may have in view. I am not doubting his calibre also, but I say, subject to those conditions, I would back the proposals of Mr. Mehta going forward, but there must be the condition that the sinews of war must be supplied by the affiliated members and not by the members of the Executive Committee.

Lt. P. S. Sodhbans: Mr. President, Mr. Cowasjee has touched the points which I raised at the beginning about the secretariat resolution which has been circulated to the members as a supplementary resolution. I entirely agree with him that unless a permanent secretariat is established, it is impossible for us to make progress and to fight on the floor of the House with anybody. We must organise ourselves, we must collect blue books, we must collect all materials, economic or otherwise, in order to put our case very strongly, and the question of the establishment of a representative at Hamburg or in other foreign countries as Mr. Mehta has suggested, is a very sound proposition. However, in order to achieve this object it is absolutely essential that we must organise first, and this is my proposition. Otherwise I am in perfect accord with Mr. Mehta that we must have representatives, but as long as we are handicapped for want of a permanent secretariat, it will not be possible for us to work the scheme.

Mr. Hosang N. E. Dinshaw: I should like some information before I offer a few remarks. What will be the probable cost of the staff and expert to be located at Hamburg?

Mr. Chairman: Mr. Mehta has said that to run a fully-equipped bureau would be a costly affair, costing £1,000 per annum, but such an arrangement as an experimental measure cannot cost

more than Rs. 1,500 a year. If you want more information, I think I may ask Mr. Mehta to enlighten the House more fully. Mr. Mehta, would you kindly further explain your suggestion? Your proposal is there, but the House would, I think, desire you to explain your proposal a little more fully.

Mr. J. K. Mehta: Mr. President, I shall try to explain in a few words what I intended when I made this proposal. It is true that there are Trade Commissioners now in London and Hamburg and there is going to be one at Milan shortly. But the functions of the Trade Commissioners are entirely different from the functions of representatives of the Federation, who I propose should be appointed. The function of the Trade Commissioners is carried out in a circuitous manner. The inquiries made here of the Director-General of Commercial Intelligence will be sent to the Trade Commissioner at Hamburg or Milan and those inquiries will be answered by him; perhaps replies coming back again through the Director-General of Commercial Intelligence. It may be that these inquiries may even be replied by these Trade Commissioners. Their work, however, will be confined necessarily to trade matters. As long as the present system of Government goes on, these Trade Commissioners will be necessarily Government officials who will not be able to do any propaganda work as well as would necessarily be required for the Federation. This is the fundamental difference between a Trade Commissioner and a representative of the Federation that the latter will be able to have some propaganda for our trade and industries. When the boycott movement was going on in this country the German manufacturers of cotton piece-goods wanted Government of the country to retaliate against India. A Trade Commissioner would not be able to explain the nature of the boycott movement and also why the German manufacturers should not ask for retaliation. Your representative can, however, give an authentic and reliable information as well as explanation. What I want is, if we get a good man and I am quite sure that the Executive Committee will find out a good man, then such a representative will not only answer all the inquiries of our individual Chambers and Associations but will also be a sort of propaganda agent for the Federation. We have so many economic and financial grievances that it is highly essential that there should be one representative either in Germany or in any other place to place those grievances before the people there and to make the people there familiar with the particular viewpoint of Indian commerce and industry. With this view I suggested that there should be a representative in

Germany. I selected Germany because, as the European opinion will tell you, it is the heart centre of Europe. Also because we have got many sympathetic elements there. Again, there is another thing in favour of Germany. Mr. Fakirjee referred to the want of finances of the Federation. So, what I suggest is that a gentleman who may be already there and who has got a vast experience both of German political and financial life and who may be willing to serve on a small honorarium may be appointed as an experimental measure for one year only. The experiment will cost the Federation about 1,500 rupees only per annum which will just cover his ordinary out-of-pocket expenses, that may be incurred in connection with postage, travelling, printing, etc. And during the course of a year you will be able to see whether you have got a good return for your money or not. Afterwards you could either extend the system or close it. But I think it highly desirable that the Federation should start on this experiment of having a representative in Germany. I do not wish to tell the name of the person whom I myself would be very willing to recommend and who will be willing to serve us. The Executive Committee, I think, know the name of that gentleman. And if the Executive Committee afterwards want any information, I shall be glad to furnish them with further details. For the present, I hope that the Federation will accept this suggestion. This gentleman has been in Germany for the last 22 years.

Mr. Begraj Gupta (Marwari Chamber of Commerce, Bombay): President and Gentlemen, I humbly approach you to oppose the Resolution which has been laid down before you. The Resolution suggests an appointment of an agent in Germany to give help and information to Indian traders. I do admit that it is good for the country to make propaganda in foreign lands but I am of opinion that instead of utilising Federation's limited energies for propaganda in foreign lands it is far more useful to organise commercial associations in every city and town, small or great in order to make the Central Federation so powerful that it may be able to remove all difficulties of the commercial community which now and then befall on our community or country in the shape of law or any such thing. The Federation has paid less attention towards internal trade affairs till now. It is not sufficient to have forty-two trade associations as its members in this large country. Then and then only the Federation would be in a right position to expand its activities to allied countries. With these words therefore I humbly oppose the Resolution.

Mr. Hoshang N. E. Dinshaw (Buyers and Shippers Chamber, Karachi): Sir, I support the contention raised by my friend who has just preceded me. I think it is highly essential that we should have our own representatives in commercial centres and we should also have proper technical organisation at the headquarters itself, fully equipped to combat the various views raised by competitive commercial bodies. We lack that just at the present moment. We have got no secretariat which is capable of furnishing the member bodies or even delegates with the necessary pabulum to combat the various views advanced by other competitive bodies. It is very essential therefore that we should be able to put our own House in order before we send our representatives to commercial centres of Europe. I am happy to say that it is a very good policy to send your representatives to the various cities of Europe, but without an adequate financial arrangement where will you be. Before you launch out that policy, you should have a cut-and-dried scheme in regard to funds and expenses. How do you propose to meet those expenses? Besides, if you propose making a start with Hamburg, as a centre, where will you call a halt? Why not Russia to-morrow and South Africa the day after. I should think that all these considerations require to be properly looked into and a scheme should be brought up before this Assembly at the earliest possible date for its favourable consideration.

Mr. Ratilal Mulji Gandhi (Grain Merchants' Association): Sir, as I understand it, there is no definite resolution which we are considering, but we are merely considering a suggestion as it has come from Mr. Mehta. As has been stated in Appendix C, it is a question of principle. No doubt I agree and appreciate the views expressed by Mr. Mehta in his note as well as the views expressed by him just now. But my point is this: Are we considering the question from the point of view of having a parallel institution of Trade Commissioners appointed by the Federation instead of our demands up till now to the Government of having Trade Commissioners on behalf of India in various foreign countries? As far as I can judge, this is a principle which we have to decide first for ourselves; because if we are going to make an experiment, it must have some basis, viz., we decide that we are going to have a sort of parallel institution on behalf of our Federation of Trade Commissioners not only in Germany but in other countries like France, Italy, Belgium and Holland. Therefore Sir, I submit that before we take into consideration this particular suggestion of Mr. Mehta, we should decide upon this principle of having our own Trade Commissioners in foreign countries.

Up till now, we have been demanding from Government that they should appoint Trade Commissioners. No doubt, last year at our sessions we passed a resolution wherein we demanded that these Trade Commissioners who are to be appointed by the Government should be practical Indian businessmen. My point is this that instead of taking upon ourselves the task of establishing this parallel institution, it would be much better for us to ask the Government that the appointment of these Trade Commissioners should be made in conjunction with the Federation. I think that would serve our purpose in some way instead of having a parallel institution to be run by ourselves which would involve a great deal of expense. My next point is that if we are going to have an establishment and an organisation of a Trade Commissioner in any foreign country, I should say that it will not serve our purpose in having a man who will work only, as I understand from the note, a part of his time. If that is the case, I do not think he will be able to devote his full time and energy to the work that we are going to entrust in him. Therefore my submission is we must first of all decide the principle whether we are going to have parallel institutions of Trade Commissioners appointed by the Federation.

Mr. Amrit Lal Ojha (Indian Mining Federation, Calcutta): Sir, I have heard all what has been said in connection with the matter under discussion. The gentleman on my left, in the first instance, thought that it was redundant or superfluous to have a representative of the Federation appointed in view of the appointment of a Trade Commissioner in Germany. Subsequently changing his views, he thought that it was not proper to have a representative in a foreign country when we were not properly organised in this country. I know that we have got to do many things in this country. Though we have got the Federation to which are affiliated almost all Indian Institutions including Chambers of Commerce scattered over throughout the country, we have not yet got the proper organisation of the kind we find in Western countries. Another question raised in this connection is about the principle on which we should proceed. It is stated that if we appoint a representative at one place what about more such appointments, if any, considered necessary at other places and what about necessary funds? I may be permitted to say, Sir, that if we have got to wait, till we have properly organised in this country or till we are in a position to consider other such appointments that might be demanded on a principle, particularly when our finances would not permit us to do so, we may have to wait indefinitely. We are businessmen. We must look at

things from practical point of view. If we have got limited funds, we can start by appointing only one representative at a place from where we think he would be able to render best services. I may say from my own personal experience that at present a place in Germany would be the most central place and a representative like one suggested by Mr. Mehta posted there would be very useful and helpful in various ways.

It is true that we urged the Government to appoint Trade Commissioners in different countries and that we pressed to post Indians as Trade Commissioners. It is equally true that an Indian gentleman has already been appointed as Trade Commissioner at Hamburg in Germany, but still I think it would be advantageous to have our own, a non-official, representative. There can be no question about any clash as I think the functions of both will be different. The Trade Commissioner appointed by the Government has got to follow a certain policy laid down by the Government. Apart from this, merchants and industrialists are sometimes not inclined to convey certain informations through an official agency which they would be glad to convey through a private agency. In this case the representative appointed by the Federation, due to his position and status, will, I trust, be in a position to command confidence and would, therefore, prove most useful.

Mr. Srikrishnadas Lulla (Karachi Indian Merchants' Association): I rise to lend support to the proposition that came from Mr. Mehta and I think the opposition to the suggestion is based upon two grounds. The first is that we have not got secretariat arrangements for the internal trade of the country and secondly that we have not got the necessary finances for running an institution of that character. So far as both the points are concerned, there is nothing to prevent us from organising a secretariat here or to develop internal arrangements, so that if we find it necessary to appoint a representative in Germany, that would not in any way be impeded or hindered by the arrangements which we may find necessary to make in our own country. Next with regard to finances, the proposal put before us is that it would cost us a modest sum of Rs. 1,500 which we could easily afford. I submit, that as Mr. Mehta suggested, it would be an experimental measure only and at the end of one year, after having noticed the work that we are able to do, it would be open to us to revise our opinion, and expand it or contract it as we may find necessary. With regard to the necessity for an appointment of this character, I think every one is agreed that the Trade Commissioners, at

present appointed by the Government, though Indians, are representatives or the mouthpieces of the British Indian Government and they represent not the Indian point of view which we represent but the Anglo-Indian point of view and it is not quite consistent with our own point of view. If we find a necessity for it and if it costs us so little, and if we think there are willing people to render honorary service to us on a nominal honorarium, I do not see any reason why we should not accept the suggestion of Mr. Mehta and put it into operation. At the end of one year, after studying the result of the work, we will be able to decide for ourselves whether it is necessary to have representatives on a larger basis. In the meantime we can devise ways and means to improve the situation and collect money to meet the expenses. With these words, I support the recommendation made by Mr. Mehta.

Mr. B. S. Dabke (Maharashtra Chamber): There are conflicting views as regards the suggestion of Mr. Mehta. Some obviously feel the difficulty of money, some others feel the difficulty of not having a proper secretariat of the Federation. My view is this. As we are on the eve of a national Government and as the Federation has appointed Members to attend the Round Table Conference, the Government is naturally going to change its outlook and the views of the present Trade Commissioners that are the mouthpieces of the alien Government will naturally change and they will become the mouthpieces of the Indian Government, when responsibility is granted to the Central Government and when finance and industry are in Indian hands. Then the whole atmosphere will change. It is only a question of twelve months. I should therefore like that the question should be postponed to the next session.

Mr. Devidas H. Shah (Mill-owners Association, Baroda): *I am afraid, Sir, there has been some confusion about what is to be done. At least so far as I am personally concerned, I fail to understand whether we are going to appoint a parallel representative in foreign countries, or we are going to make an experiment so far as Hamburg is concerned. The case has not been properly made out for the appointment of a Trade Commissioner at Hamburg in preference to other places. Is it that we have been able to find some gentleman willing to work there which we have not been able to find in other countries? Tomorrow, Sir, the exporters of manufactured goods in India would

* Speech not corrected by the speaker.

require our representative to be in South Africa, if there is any likely market to consume our manufactured cloth and textiles in that country. Will we then be in a position to appoint some gentleman who is a resident there and who is also willing to work on a nominal honorarium? Or are we to tell those gentlemen who are urging us to appoint a gentleman in South Africa that it is not a suitable place to locate a Trade Commissioner and that the experiment should be confined to Hamburg only and that you do not require representation in South Africa so much as Hamburg? Let us first decide this question, whether we want a representative in all the places, where there are representatives of Indian Government at present, or is it that we want urgently a representative to be appointed only in Hamburg, in view of the fact that we are going to deal with Germany, in future, on a larger scale than we do now? If that is decided, I suppose this House will be spared much of the time spent in discussing this subject aimlessly. I am afraid confusion has been made because while pressing for the appointment of a Trade Commissioner, people are telling us that because our representatives of the Government of India do not represent us there, that is why we want a gentleman of our own choice to be placed in Hamburg. When we generalise the situation as the mover has done, then it is a question of principle and then we ought to be able to allocate funds for the place which needs our representative most. If we say it is a question of experiment, then let us find a more likely place where our trade will be more flourishing than it is likely to be at Hamburg. I believe Germany is an exporting country, it is our raw materials that Germany wants. It ought to be plain to the members of this Federation that what we aim at is to utilise all our raw materials, manufacture them and then send them out and except in the case of machinery, most probably we do not want to import any goods from outside. In that case, I suppose our representative should be in a place where our manufactured goods may find the best market. If from that point of view we are going to decide, then let us decide first whether we are to send any representative at all, then decide whether we have the funds necessary and then see whether there are any likely competitors in the field. Until we decide all these matters, it is futile to discuss other matters concerning the appointment of a Trade Commissioner.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber): Sir, in view of what has been said by the last speaker, it may be useful to supplement the information which has been given to the

House by Mr. Mehta. In order clearly to understand the motive of Mr. Mehta, it is necessary to remember that his note was drafted a year back when although the idea of Indian Trade Commissioners at the four centres was known, yet no Indian Trade Commissioner was actually appointed. It is unfortunate that some members are under the impression that anything which Mr. Mehta suggests indicates a parallel officer to the Indian Trade Commissioner. I understand that the Indian who has been nominated by Government as Trade Commissioner in Germany is a very capable officer commanding the confidence of the Indian commercial community. It would be most unfortunate if we get out the impression either privately or in the Press that we were thinking of having any parallel organisation, even though as an experimental measure. I must say that we would like this to be made abundantly clear. The fact of the matter is that what Mr. Mehta suggests is nothing like a parallel organisation to the Indian Trade Commissioner in that place, but something which would be supplementary to his work and to his office. The Indian Trade Commissioner is responsible to the Government and can only work on certain lines. Of course, he will reply to all enquiries made and attend to all other work which is ordinarily done by Trade Commissioners of other countries in foreign countries. But he will not be able to put forth the grievances of the Indian commercial community which may be at times very necessary. Being situated in Germany, a correspondent of this Federation may be able to do what is colloquially called "propaganda", but whether the Federation considers it necessary to have any such activity or not is a different thing. Many Germans whom I have met lately during the last few years complained to me that there was no Indian organisation on the Continent which could supply the requisite information regarding trade and industry in India and the prevailing political conditions in India. This appointment which Mr. Mehta indicates should be regarded more as an appointment of correspondent to the Federation, somebody who will be able to move freely amongst the commercial circles and convey relevant information which will interest us so that he may be able to impart and spread such commercial information and also convey such facts and figures as he may be supplied with from this end. It is perhaps understandable when suggestions are made that we may wait for the appointment for one year and consider this after one year. I fully realise that a suggestion like that is a reasonable one. If the Federation feels that within a year things will be more clear regarding our political status and regarding the control we will have in making this

appointment of Trade Commissioners, then I think it would be quite reasonable to say that we would consider this again at the end of the year. On the other hand there are many who hold the opinion that during the next year, it would be useful to get somebody reliable and capable and at the same time knowing the commercial conditions in important European countries. He would thus be able to put out as much information as we may be able to send out from here, for instance he will put that currency pamphlet which we have just published and make it reach the proper quarters, such as the powerful newspaper organisations in Europe. If we can utilise the suggested correspondent for such a purpose, then the maximum expenditure of Rs. 1,500 which Mr. Mehta indicates cannot be considered to be very prohibitive for that purpose. I have heard many say that during the next year or eighteen months, correct information about India's condition may repay itself a thousand times if done in the proper manner and through the proper channels. I therefore feel that the question can be said to have good advantages. It can also be said that there are very good reasons for postponement of this appointment as Mr. Dabke pointed out. A question has been raised by previous speakers as to what have we done at home in regard to the propaganda, that we turn now our attention outside India? Everybody will admit that we have done practically nothing except that we have brought together 42 commercial bodies at the end of three years activities and have inspired such confidence and such interest in their representatives that even at the end of two very strenuous days of discussion, when you Mr. Chairman pointed out yesterday that we should sit beyond eight o'clock, there are still many left here to-day to take part in the discussion. I do not look upon that as something which should be considered as nothing. A lot remains to be done. In fact what has been done till now cannot be said to be even 1/100 per cent of what remains to be done. If we are going to wait for any sort of publicity work in foreign countries until we have achieved here 50 per cent of what we have to achieve, I am afraid we will have to wait until many of us are all gone to the other world. Therefore we have got to go ahead, and I believe sooner or later we may have to have correspondents all over the important commercial centres. If we can get good, reliable and solid people to do it in other countries, provided we get them imbued with a sense of little service to India, even though residents in foreign countries and if they like to be reimbursed for their actual out of pocket expenses and do not expect to make a living out of

that, then we can take advantage of such gentlemen. The gentleman whom Mr. Mehta has in view has been a resident there for nearly a quarter of a century and I am told he is held in high esteem by the commercial community there and he is prepared to do this work for actual out of pocket expenses, actual charges on postage, carriage, transport hire and so on. In fact he does not expect to make a living out of this. The appointment is not suggested to be made for more than one year. If at the end of one year, it is found that the Member-bodies do not want that sort of assistance, or that the gentleman is not able to do anything very much to the advantage of the Indian commercial community, then the Federation would be entitled to put an end to the appointment or to make another more suitable appointment. The cost involved would be considered to be the maximum, that is Rs. 1,500 and I do not think it can be said to be prohibitive.

One word more before I resume my seat. A few gentlemen raised the question of the finances of the Federation. The report of the last audited accounts is with Members. I should like to mention that as a matter of fact during the last three years, there has been a deficit of Rs. 20,000 in the actual working of the Federation. The contribution from the member-bodies and the expenses show a deficit of Rs. 20,000 which has been made up by voluntary contributions made by a few members of the Federation who put up in all Rs. 70,000, in order that the Federation may have a fund with which to start. I therefore feel that it should not be considered that the Rs. 45,000 is the surplus of our working but it actually represents a deficit of Rs. 25,000. I feel therefore that regarding finance if any more ambitious schemes are to be entertained we will have to make different and separate arrangements for their finance. I am sure you will all agree with me that none would like this balance with which we open the current year to be depleted any further because in that case at the end of two or three years we will again have to depend upon a very slender bank balance. I feel myself that for the reason which I have tried to explain, Mr. Mehta's suggestion should be recommended to the Executive Committee and they should be asked to make an appointment for one year, provided they are satisfied regarding the standing, etc., of the person and to report on the work done by this officer to the Federation at the next annual general meeting. The Federation must then consider the question of continuing it or of putting an end to it. Our friend said that similar suggestions may come from other countries. One wishes that such

suggestions did come from other countries where the Indian commercial community would like to have such assistance. I personally think that if more of such suggestions did come which appeared to be feasible, the member-bodies would not be against increasing the contribution by 10 or 20 or 30 rupees a year in order that a few more additions may be usefully made to our activities.

Mr. Nandlal M. Bhuta (Seeds Traders' Association, Bombay): Sir, I should like to make one point clear and it is this. There is already one institution existing in Berlin known as the Hindustan Information Bureau which supplies all kinds of information required by merchants, etc., and they are also making all sorts of propaganda for commercial purposes. Then there is another gentleman staying in Hamburg for the last 20 years, Dr. Das Gupta, who is also making the same kind of commercial propaganda. I therefore think that when there are already two people working in Germany it is not necessary to incur any more expenses.

The Chairman: I think we have now discussed it at some length, and if you allow me to do so, I will now take the sense of the House. Members will give their vote on the following motion:—

"That the Federation recommends to the Executive Committee to consider Mr. Mehta's scheme, and if they are satisfied regarding the details, they may spend upto a sum not exceeding Rs. 1,500 during the next 12 months."

The resolution was carried.

The Chairman: Now, gentlemen, I think we have finished all our items on the agenda except the elections. We have already collected the voting papers and we will wait till 1 o'clock to scrutinise the votes.

Then we take item No. 11 which is:

"Any other matter that may be placed before the Annual Meeting by the Chairman."

Under this head I have received a number of resolutions, and it is provided in our bye-laws that after the usual agenda is over and if the House consents, we can take up new business. So I will

place before you one by one the resolutions I have received. I will ask you in the first place to decide whether you will take up these resolutions or not, and if you do decide to take them up we will start discussion on them. Mr. Sidhwa wants to take up a resolution which we received from one of the member-bodies about the Companies Act and which the Executive Committee decided not to take up. The resolution reads thus:

> **"This Federation resolves that the Indian Companies Act requires amendment and that a committee be appointed to revise the same and to readjust the Act to remove the present irregularities and to safeguard the interests of the investing public which would be a necessary factor in starting new industries and bringing the existing industries on a better footing."**

We had nearly 80 resolutions altogether which we received from the member-bodies and we saw that it was impossible to take up all those resolutions in the short period at our disposal. You have seen that even with 8 resolutions we have taken up nearly three days, and had we taken up all these resolutions we could not have finished them even in a fortnight's time. Therefore we decided to pick up some of the more important resolutions. But if you think that we should take up this resolution also at this stage then we can start the debate.

A Member: Who is going to appoint this committee?

The Chairman: Probably it is meant that the Government should appoint this committee and revise the Companies Act.

The House by a majority of votes decided to take up the resolution.

The Chairman: Mr. Sidhwa may now move the resolution but I am going to enforce a strict time limit. You must therefore finish your remarks in five minutes.

Mr. R. K. Sidhwa (Karachi Indian Merchants' Association): I will take three minutes.

Sir, the resolution which you have read out and which I now move needs no elaboration because at one of the Federation meetings this subject was fully discussed. Apart from that you have just now interpreted the resolution truly that it is the desire of

the Federation to ask Government to appoint a committee and remove the very objectionable provision in the Companies Act regarding managing agents. I do not desire to go at any length into what the managing agents do to the detriment of the interests of the shareholders. I can give a number of instances where the companies had to be closed down on account of the extravagance of the managing agents. I can give instances where they have made purchases in the interests of themselves rather than in the interests of the shareholders. It is not for me to cite instances of this nature because it has been fully discussed and known in the country. I therefore particularly lay stress upon the provision about the managing agents in the Companies Act which should be totally removed from the Act and the managing agents or the directors should be held directly responsible to the shareholders. You know, Sir, that in 1917 so many companies had to go into liquidation only on account of the irresponsible way in which the managing agencies were conducted. Several shareholders were ruined not merely on account of the fluctuations of share prices but for the vagaries and extravagance of the managing agents which I need not dilate upon here or give any details of because I am sure many of the members present here fully know them. With these words I move the resolution and hope that in the interest of the shareholders and the investing public the House will support this motion.

Lt. P. S. Sodhbans (Indian Chamber of Commerce, Lahore): Sir, I second this resolution, but on quite different grounds. I second it not on the ground of the vagaries of the managing agents but on account of the efficient working of the joint stock companies. In England in 1929 a committee was appointed by the Board of Trade to go through the Companies Act and they made certain recommendations. Therefore it is necessary that we should amend on the same lines the Indian Companies Act which is practically on the model of the old British Companies Act, and also to meet the changed Indian requirements. As regards the vagaries of the managing agents I can only say that I am a professional accountant and I am not, therefore, concerned with those things. But I want that these companies should be efficiently managed so that our industries may be brought on a sound footing. Most of the people are quite ignorant, I find, of the Companies Act and also of the corporate joint stock business and that is why we are not prospering and making any real advancement in the country. That is why I want that we must have a good Companies Act on the basis of which we may place our industries on

a sound footing. With this idea I support the resolution of Mr. Sidhwa and not with the idea of attacking the managing agents and others.

The Chairman: I will not allow any more speeches in support of the resolution but I will allow one speech against it and then I will put it to the vote.

Mr. Fakirjee Cowasjee: Sir, I will not speak either in favour of the resolution or against it, but I just want to give an explanation. The point is this that this resolution came from the Buyers' and Shippers' Chamber at Karachi and it was not sent with any intention of attacking any one connected with the companies. It was sent simply with the fundamental idea of taking away the defects in the Companies Act so that the investors may have that confidence which is essential for the promotion of the industries of India.

Sir Purshotamdas Thakurdas: I want to tell the House why this resolution was omitted from the list of resolutions which were put before the House. I may inform Mr. Sidhwa that when I read that resolution before it came up to the Committee which decided on the resolutions to be put before this House I rather favoured it and I was one of those who pressed that this resolution should be put before the House just as the Insurance Resolution has been put. It may interest the House to know the reasoning which persuaded me not to press my view. It was pointed out that the amendment of the Companies Act was a matter likely to take not six months or a year, but two or three years before an amending Bill could be put into shape. Various commercial and industrial bodies have to be consulted all over the country and a Bill embodying all the points will have to be introduced in the Assembly and referred if not to a Joint Committee, at least to a Select Committee of the Assembly. That might argue for immediate action being taken; but it was pointed out that the legislatures as at present did not give that material for a committee of this nature as may be expected at the next election whether under the present constitution or the new constitution. The general expectation is that it will be an enlarged constitution, at least more representative; and what is most attractive in the suggestion is that it is expected that it will be able to revise this Act with an Indian Minister responsible to the legislature for the Commerce Department. We have waited so many years already—twenty or twenty-five years; the Companies Act is bad enough; there is a lot to be uprooted

and a lot to be replanted. The only question is whether you are prepared to wait for the next year or eighteen months until you know that the Commerce Department is likely to be a transferred department under a popularly elected minister responsible to the Assembly.

Lt. P. S. Sodhbans: That argument might apply to every resolution we have discussed so far.

Sir Purshotamdas Thakurdas: You have had your say, Mr. Sodhbans, and I do hope you will let me have my say. The question is whether the legislature under the present conditions, with Sir George Rainy as Commerce Member, is attractive enough for you—more so than a legislature formed on a more representative basis with ministers responsible to the House. If Mr. Sodhbans thinks that it applies to everything he may think so. I do not. I personally think that that argument made out a case for not pressing this now.

The remarks of Mr. Sidhwa rather proved the case. Mr. Sidhwa seems to have not a high opinion of managing agents. He overlooks the fact that but for managing agents Mr. Sidhwa would not be here and would not be able to take interest in the development of this subject. Howsoever bad the managing agency system in India may have been, there would have been no mills either in Bombay or Ahmedabad, Delhi, Calcutta and other places—in fact there would have been no Scindia Company with which to talk about Haji's Coastal Reservation Bill. Therefore the managing agency system is not so bad as Mr. Sidhwa would paint it. The question is whether we should abolish it or purify it—whether we should mend it or end it. I would rather mend it. This is a fundamental question underlying it and I think the Federation would not be mistaken if they had a little patience.

A Member: Sir George Rainy mentioned that he was going to appoint a committee, in the course of a discussion he had three months ago with the Bengal National Chamber of Commerce.

Another Member: Let us pass this resolution and send it as a reminder.

The resolution was put to vote and declared lost by 24 votes to 18.

Mr. Sidhwa demanded a poll and the President said he would take a poll after conclusion of the other business.

The Chairman: I have received a requisition from Mr. Sidhwa about an amendment of the Rules as follows:—

> "That the Executive Committee will consider all resolutions sent by Member-Bodies and place such resolutions as they deem fit before the members at its annual meeting, but it shall be the right of every member present to have at such meeting to propose any new resolution or amendment for discussion and adoption by the House."

(The Chairman then read out the relevant rule—rule no. 26 and explained it).

If any member desires that there must be an amendment of the rules, the procedure ought to be this: that the member ought to write to the Executive Committee and the Committee after considering the same should submit it to the general session, unless eight of its members are against its being sent to the general body. In that case ten members of the Federation can call a requisition. That is the position. In the first place I want to remind Mr. Sidhwa that delegates are not members of the Federation. The members are the Member-Bodies; therefore the requisition should come not from the delegates but from the Member-Bodies; and even if the proposal emanates from a Member-Body, first of all it should go to the Executive Committee; if the Committee decides not to send it to the General Body, then alone they can ask for a requisition. The best course for Mr. Sidhwa is therefore to move his constituency to write to the Federation. As it is at present, it is not in order and I rule that it cannot be taken up for consideration.

Mr. M. A. Master: Is it open to any member to move any amendment on any propositions that are coming up before the House? Is it not the right of every member to move an amendment?

The Chairman: I can express only my personal opinion because there is nothing in the rules. In the first place most of our resolutions are expected to deal with matters on which we expect observations from Government Members; that being so we must frame our resolutions long before we meet: otherwise the Governmnt Member may not be able to reply: he can say "the resolution you sent out to me, and the resolution you are discussing are two quite different things and I am not in a position to reply."

In the second place my personal opinion is that amendments should come always from Member-Bodies. (The Chairman then explained the present practice). But if you like, I think you may appoint a small sub-committee to amend the rules and regulations as well as the bye-laws. Or perhaps it will be better that you empower the Executive Committee to appoint a small sub-committee to formulate rules in various directions. For instance, take the question of election itself: Member-Bodies sent out to us names of the delegates and changes are made by telegram: it rests with the Chairman to accept the changes or not, under the existing circumstances. I would therefore suggest that you ask the Executive Committee to appoint a small sub-committee to draft the new rules: that will be constitutional; then it could be circulated to Member-Bodies and decided either at the next annual session or before it if necessary.

Mr. R. K. Sidhwa: In view of your statement, Sir, I withdraw my proposition provided the House agreed to-day to appoint a committee to revise the rules. It is not possible always to send in amendments in advance—sometimes amendments have to be framed emanating from the discussions and deliberations here and it is the right of every member to send in amendments at that very juncture. If the House agrees to your suggestion I withdraw my proposition: otherwise not.

A Member: Your proposition has already been ruled out of order.

The Chairman: As regards amendments, my own view is that even amendments in the open House should be authorised by the Member-Bodies and not left to the discretion of delegates; otherwise it would be impossible to conclude our business in the course of two or three days. I think we had better ask the Executive Committee to appoint a small sub-committee in this matter. Is that the sense of the House?

Mr. R. K. Sidhwa: And to invite opinions.

Mr. M. A. Master: Your suggestion, Sir, is a very eminent one and I think the House will accept it. But I wish to draw your attention to one fact. Two resolutions were brought before this House which were not circulated. Occasions may arise in future when Resolutions will come before this House which have not been circulated previously, and certainly it shall be open to

any Member coming here without consulting his constituency to move amendments to such Resolutions. I refer to the resolution of Equality of Trading Rights. I understand that amendments were sent over to you, but that you decided that amendments could not be moved. Now, Sir, this resolution was not circulated. It is one of the most important resolutions which should be passed, and certainly it cannot be said that amendments should not be moved to it because it has not been previously circulated. I hope the Executive Committee will bear in mind this important point when framing new rules.

The Chairman: Are you referring to the Equality of Trading Rights resolution?

Mr. M. A. Master: Yes, I did refer to that.

The Chairman: I think we must have something to guide us in future. I admit there is nothing at present to guide us, and therefore the Chairman has to use his own discretion. We must have a small committee.

The suggestion for the appointment of a small committee was adopted.

Mr. B. S. Dabke: I think the Executive Committee should not have the whole power, because it is quite competent to draft rules of this character, and so what is the use of appointing a small committee again?

The Chairman: You cannot expect the Executive Committee to draft rules and regulations. First of all, the small committee will have to prepare a skeleton and place it before the Executive Committee to make alterations, etc. Then again it will be sent over to the Member-Bodies. If there is confidence in the Executive Committee, then you better say so. You are, Mr. Dabke, over-suspicious in these matters. I think we have already decided that the Executive Committee should appoint a small committee. Now what is there to distrust?

Mr. Dabke: My point was that this drafting work could very well be done by the Executive Committee itself.

The Chairman: No, it cannot be done by the Executive Committee. Some of us have got no legal knowledge, probably the work will have to be entrusted to some lawyers.

Now, there is another resolution which Mr. Sidhwa has sent in, and I will just read it out to the House.

A Delegate: He is the father of several resolutions (Laughter).

The Chairman: This is his resolution:—

"While reiterating its full faith and confidence in the Executive Committee, this Federation resolves that in future all elections, recommendations and nominations to bodies wherein Federation may be represented should not be done without a previous reference to the Member-Bodies.

"The Federation also resolves that in the event of Mahatma Gandhi not participating or retiring from the R. T. Conference, the delegates of this Conference will also automatically retire."

Now, there are two portions of this resolution. One is that the Executive Committee should not make any choice of its representatives to any committee or commission without referring the matter to the Member-Bodies concerned, and the other is that if Mahatma Gandhi does not attend the Round Table Conference, then our delegation also should not attend.

A Delegate: I understand that that undertaking has already been given.

The Chairman: That is the mandate of the Executive Committee.

Mr. M. A. Master: Could you oblige the House by reading the directions which the Executive Committee have given.

The Chairman: In fact, I said that in my speech day before yesterday, and it is already on record. Now, I have got before me the exact wording of the resolution. It is this:

"The Committee also put on record that in the event of Mahatma Gandhi not going to the R. T. Conference owing to difference of opinion or a grievance against the Government, then the delegation should not go, but if Mahatma Gandhi does not attend the R. T. Conference for any other reason excepting the one stated above, the President then shall call a meeting of the Committee for considering the situation."

Mr. Srikishandas H. Lulla: It does not bind the delegation to this—"if for any reason Mahatma Gandhi is unable to go or participate in the R. T. Conference."

The Chairman: I am afraid I have to say something more on that, and so I would ask the Press to please leave the hall for a short while while we are discussing this question.

At this stage the Press representatives left the hall.

*The Chairman explained to the House as to what considerations weighed with the Committee of the Federation to arrive at the decision referred to above. After some discussion the Chairman, on the suggestion of Mr. Sidhwa, ascertained the sense of the House and declared that it was the sense of the House that the resolution should not be taken up.

PATRONAGE TO INDIAN INDUSTRIES

The Chairman: There is a resolution by Mr. Ojha which he wants to move. I should like to know the sense of the House as to whether they want to take up this resolution. It reads as follows:—

"This Federation expects that all Indian industrialists who claim protection and patronage in any form should in their purchases and dealings and general policy give the same protection and patronage to Indian industries, especially those concerns which are Indian owned and Indian managed."

I should like to know the sense of the House—whether they want to take up that Resolution.

A delegate: Will I be in order if I point out to the House that the North-Western Railway having Indian coal available is not using Indian coal? I just wanted to know.

The Chairman: We are not discussing the North-Western Railway. Is it your desire that I should move it from the Chair?

The House gave its assent.

The Resolution was then moved from the Chair and declared carried unanimously.

*Full report of the discussion is printed as a confidential document.

UNFAIR ACTIVITIES OF FOREIGN CONCERNS AND THEIR EFFECT ON INDIAN ENTERPRISES

The Chairman: There is another Resolution from Mr. De. He wanted to move it as an amendment to Resolution No. 4 but I told him that he could not move it as an amendment but could move it as a Resolution, so that it could be discussed if that was the desire of the House.

(Here the Chairman read out the Resolution about the tramways and the unfair competition against Indian bus owners).

If you approve, I will ask Mr. De to explain to the House why he thinks it necessary that the House should discuss this Resolution. I shall give him five minutes to explain his views.

Mr. K. C. De (B. and O. Chamber): My Resolution is as follows:

> "This Federation desires to impress on the Government the necessity of taking steps to protect Indian enterprises by putting a stop to the unfair activities, such as rate war, by the foreign concerns against them and request the Government to institute a thorough and impartial public inquiry into the methods of unfair competition carried on by the Calcutta Tramway Company, Ltd., against Indian bus owners."

I want to point out that these foreign concerns are trying to put down the struggling industries of this country. We know that these foreign concerns, whenever their interests clash with the interests of the Indian concerns, do not hesitate to take any steps, fair or foul, to crush the Indian concerns. The present activities of the Calcutta Tramway Co., against the Indian bus owners are equally mischievous, if not more. As you are probably aware this company has a foreign capital and has a monopoly in the second city of the British Empire and uses that monopoly to dictate its own terms. When the Indian buses began to ply in the streets of Calcutta, the tramway company at once reduced its rates by one-third, besides giving lot of other concessions, such as mid-day concessions, monthly tickets and so on. Their only object is to drive out these Indian competitors, so that they can have their monopoly once again. It will be news to some of you that more than a crore of rupees has been invested in this business.

The Chairman: Will you at this stage only explain why you think the House should consider this Resolution?

Mr. De: I will only say this. If the present state of thing goes on, the Indian bus owners will have to close their business. Not only that, hundreds of small capitalists and several thousands of labourers will be unemployed. About more than a crore of rupees will be lost to the country. So it is essential that the House should pass this Resolution urging Government to set up an inquiry.

The Chairman: Would you like to make this Resolution of a general character? We have no statistics before us about the rate war and the way Indian bus owners are suffering from it. If the Federation after making inquiries thinks that this Resolution should not have been passed, it would look bad.

A delegate: On a point of information. Have the trade organisations taken any steps in the matter before they approached the All-India Federation?

Mr. De: Representations have been made to the Federated Chambers of Commerce and the syndicate. They are trying to give redress if possible.

A delegate: Grievances of this character could be found in every corner of India. I think before we do anything here the local organisations should take up the matter first. If it is necessary to make an all-India effort, the Resolution should be worded in more general terms. Moreover the Federation has collected no statistics and it must have reliable information before it.

The Chairman: Would you (Mr. De) have any objection to make it of a general character?

Mr. De: No.

The Chairman: I would make the Resolution general and it would read as follows:

"This Federation desires to impress on Government the necessity of taking steps to protect Indian enterprises by putting a stop to unfair activities such as rate war by the foreign concerns against them and requests Government to institute a thorough and impartial public inquiry and to grant relief where grievances of the nature exist."

The Resolution was declared carried.

The Chairman: It is now getting on to 1 o'clock and if there are any gentlemen who have not received voting paper, will they please come and take it?

The Chairman: There is a Resolution on the supplementary list of Resolutions, which was not adopted by the Executive Committee, from Mr. Sodhbans. The Resolution is as follows:

"It has been often noticed that for want of up-to-date statistical books and other important publications the Indian members of the Central Legislature and others who are working for the cause of Indian Commerce and Industries, are greatly handicapped in collecting information; therefore this Federation resolves that a Central Library be established at Delhi. In order to achieve this object this Federation requests the affiliated Chambers and Associations to send regular contributions annually or monthly and other public-spirited Indians to send donations so that the Central Library and Secretariat may be established as early as possible."

I think that matter has already been discussed.

A delegate: What action has been taken?

The Chairman: Action cannot be taken because you are simply inviting funds.

Lt. Sodhbans: I think the House is not yet ready for the Resolution.

The Chairman: Gentlemen, Lt. Sodhbans is not desirous of pressing it.

Mr. Sidhwa, do you want to insist on a poll being taken of those in favour of and those against the Companies Amendment Act Resolution favouring an amendment of the Companies Act?

Mr. R. K. Sidhwa: Yes, because it is a very important matter.

(A poll was taken, resulting in 14 on this occasion in favour of the resolution instead of 19 on the previous occasion).

Mr. R. K. Sidhwa: Perhaps members have not thoroughly understood what they were voting for. There is a mixture of issues.

The final poll resulted in 14 for and 25 voting against the Resolution. *

The Chairman: Now, gentlemen, there is only one item of business left. After lunch I propose to announce the results of the election, and we can have a vote on one or two things. Unfortunately our President even to-day is not well, but he has sent a message. But before I adjourn, I should like to ask Mr. Isserdas if he would like to offer some observations which he intends to make about the meeting place of the Federation.

Mr. B. Das: You said, Mr. Chairman, you would appoint a committee to revise rules and regulations.

The Chairman: Yes.

Mr. Isserdas Varindmal (Karachi Indian Merchants' Association): Sir, on behalf of Karachi I move that the next annual meeting of the Federation be held at Karachi. If, gentlemen, you come to Karachi, there will not only be no trouble but you will all be happy. Karachi is neither too cold nor too hot, but is temperate. The Congressmen have all been satisfied with Karachi. If you do come, gentlemen, we will do all we can for you.

A delegate: I suggest that this year will be a most important year and that the meeting should be held in Delhi, but we might suggest to those gentlemen who propose Karachi that the next session should be held in Delhi but that the session next after that should be held at Karachi.

Mr. Isserdas Varindmal: As there has been a most successful session of the Congress in Karachi, I presume you will all agree that the most successful session of the Federation will also take place in Karachi.

Lieut. Sodhbans: Sir, last year I was under the impression that the session was to take place at Lahore, but Lala Shri Ram and other friends asked me not to persist as owing to the session of the Assembly all the members of the Assembly shall be here

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*List of persons who voted for and against the Resolution is given as Appendix "B"

then and at the same time because it would be convenient to the Government members and that therefore it would be desirable that the session should be held in Delhi. So my Chamber did not insist on their proposal, in the interests of general harmony amongst the different bodies as well as for the proper functioning of the Federation. Moreover, Delhi no doubt is a central place, being the headquarters of the Government of India in winter and easily accessible from all sides—from Bombay, from Calcutta, from the North-West Frontier Province, from Lahore, from Karachi and all other places, and moreover this was the place from which the Hindus ruled, and this was the place from where the Mahomedans ruled and this is the place from which the British are ruling. I therefore suggest that the session should always be held in Delhi. Some apprehend it might or might not be lucky, but that thing need not be seriously considered. My friend from Karachi said that the session should be held in Karachi because the Congress have had a successful session there, but that is no valid reason. The Congress is a political body, it has to do some other work apart from the constitutional advancement; it has to arouse the feeling of the people for political propaganda. Well, it is not a question of propaganda here,—it is an organisation of capitalists. (Some delegates: Question).—I mean, not capitalists but businessmen. As businessmen we have to look at things from a different point of view; and from our point of view I think we should hold that the session should always be held at Delhi and nowhere else.

Mr. B. S. Dabke (Maharashtra Chamber): I rise to invite the next session of the Federation to Sholapur in Maharashtra. Sholapur is an important industrial city, and we would much like the Federation to meet there next year. I think our Karachi friends should not be too greedy, as they have had a very successful session of the Congress this year, and I hope our friends who are here will unanimously welcome our invitation.

Mr. Mahomed Ismail (S. I. Skin and Hide Merchants' Association): May I say a few words on behalf of the poor people of Madras? If it is a question of provinces, well, my province has had very few chances, very scanty chances of being honoured by having there such an august session as that of the Federation. Therefore, we think that we should be honoured again. It will be after three years that we will have an opportunity of welcoming you in Madras. Therefore I cordially invite the Federation to hold its next session in Madras and I hope that the friends assembled here will not grudge this privilege to Madras next year.

Mr. Hoshang N. E. Dinshaw (Buyers and Shippers Chamber, Karachi): I strongly support the resolution moved by my friend Mr. Isserdas. Karachi had not had the honour of being the venue of the Federation. Many members have spoken in favour of internal centres from the commercial point of view, but I want them to realise the importance of port towns. Let them come to the ports and realise how they pulsate with life. We shall be only too happy to have the Federation in Karachi next year and I request that all the opposition to it will be withdrawn.

Mr. Fakirjee Cowasjee: Sir, it is a standing invitation from Karachi, but the practice has always been that the President has always had a free hand to fix the venue for the succeeding meeting. That being the case, I think we should leave it to the good graces of the President and if he feels that the circumstances are such that he can accept the invitation from Karachi, I hope he will do so.

Mr. Begraj Gupta spoke in Hindi in support of the proposal put forward by Mr. Fakirjee Cowasjee.

The Chairman: I think we never decide in the open House as to where we should hold the next meeting of the Federation, but the feeling of the House has been recorded and the Executive Committee will keep them before their eyes when they fix the venue of the next session. I may however warn the members that it is not a profitable proposition to invite the Federation.

We should now adjourn because there is nothing left on the Agenda except the announcement of the election results and the vote of thanks.

The Session then adjourned for lunch till half past two of the clock.

AFTERNOON SESSION

Thursday, the 9th April 1931—2-30 p.m.

The Session commenced with Mr. G. D. Birla in the Chair:

ELECTION OF OFFICE-BEARERS

The Chairman: Gentlemen, we have now only two more items on our agenda, one is the announcement of the result of election, and the other is the vote of thanks to the President. I will first of all announce the results of the election. Altogether 86 votes were recorded, of which the following secured the following votes:—

*Myself (Mr. G. D. Birla)	.. 79
Sir Purshotamdas Thakurdas	.. 78
Seth Walchand Hirachand	.. 63
Mr. Nalini Ranjan Sarker	.. 59
Sir Chunilal V. Mehta	.. 54
Lala Shri Ram	.. 50
Mr. Kasturbhai Lalbhai	.. 49
Mr. Ranchordas H. Gandhi	.. 46
Mr. M. A. Master	.. 46
Mr. Fakirjee Cowasjee	.. 42
Mr. Hussainbhoy A. Lalji	.. 42
Mr. M. L. Dahanukar	.. 41

Two Honorary Treasurers have been elected, Mr. D. P. Khaitan getting 73 votes and Mr. R. L. Nopani securing 52 votes.

Now, I will move a vote of thanks to the President.

"This annual meeting of the Federation records its warmest appreciation of the services rendered to the country and to the Federation by the retiring President Lala Shri Ram and for the very able manner in which he directed the affairs of the Federation during a period full of difficulties for the trade and industries of India."

Gentlemen, we all wish that Lalaji had been here to-day to receive our thanks and congratulations. Unfortunately, for the last few days he has been keeping very poor health. Those who saw him working hard in the committee meetings which were held in Delhi for continuously two days could bear testimony to his patience and his ability to work hard. He worked so hard that he very nearly collapsed in the committee meeting. His health was so very poor, that we all very much wished him to take com-

*Full list of the Office-Bearers is printed as Appendix "C."

plete rest, but he did not like to shirk his duty. The next day when we assembled here to hear Mahatma Gandhi's address in this hall, he came here in spite of his poor health, and when I asked him how he was feeling, he said, "Well, Gandhiji's presence has been an inspiration to me and I hope I will be able to go through." But as you all saw, he collapsed again in the midst of his speech, and since then, although he is slightly better, he has not fully recovered. I need hardly say all about his hard work. He has to work in extraordinary times. There was economical depression. There was political unrest in the country, and the trade and industry was passing through very serious position. In these hard times Lalaji had to work very hard, and those of us who saw him working can bear testimony to his ability, amiable character, to his sense of duty, to his sense of justice and his impartiality. I wish, gentlemen, that he were here this afternoon in our midst to receive our congratulations. I hope you will all join me in congratulating him for the excellent service which he rendered to the Federation during the last 12 months and receive this resolution with acclamation. (Applause). I hope he will recover soon, and I will ask the Secretary to convey this message to Lalaji personally.

Mr. Behram N. Karanjia (Indian Merchants' Chamber, Bombay): Gentlemen, I have a very pleasant duty to perform and that is, to propose our thanks to the Chairman.

"This meeting tenders its warmest thanks to Mr. G. D. Birla who conducted the proceedings of this Federation with marked ability, tact, courtesy and impartiality." (Applause).

You know, gentlemen, that such resolutions are only formal and conventional, but having watched the proceedings that Mr. Birla has conducted for the last three days with cool head and in spite of provocation he was so patient in hearing that he gave his courtesy and consideration to each and every member, and you, gentlemen, will agree with me that we could not have a more capable and adorable Chairman. (Hear, Hear.). Gentlemen, in our commercial community we are not rich in men, conversant with the rules of debate and endowed with ability to govern meetings but among the few statesmanlike members that we are proud to claim in our Federation, Mr. Birla stands conspicuous. (Applause).

Lt. Sodhbans: Gentlemen, it is my pleasant duty to second the resolution moved by my friend, Mr. Karanjia, to thank our worthy Chairman, Mr. Birla. During the course of our discussions there were sometimes some breezes. Of course, these things

always happen in the course of debates, but without these occasional breezes the whole business would have been a very tame affair. (Laughter). We want sometimes Bhujas with some chillies, because it creates good taste. In fact, we come here with one motive and that is to render a service to our country for the advancement of industry, trade and commerce so that we may be masters in our own country at least. When we come here with this noble idea, it is essential that we must have harmony, but sometimes there are bound to be differences of opinion, but from such differences of opinion it should not be thought that we have no respect for one another, it does not mean that we have no respect for the pioneers of trade and industry, for men who are working for the advancement of trade and commerce. With this idea we are all here, and we are all unanimous in holding that Mr. Birla has discharged his duties in a most admirable manner with cool-headedness. That is why I am seconding this proposition. (Applause).

Sir Purshotamdas Thakurdas: I think the resolution may be put to the meeting, and I hope you will all carry it with acclamation.

The resolution was carried with acclamation.

Mr. G. D. Birla (Chairman): Gentlemen, it is very kind of you to pass a vote of thanks for the little service which I rendered you during the last two days, if you may so call it at all. When I stepped in the Chair, I did so with a mixed feeling, I knew that the task was not such which could be envied. At the same time I felt the consolation in the fact that I was relieving Lalaji of his onerous duties which on account of his bad health he was not able to undertake.

I had another consolation that instead of Lalaji I had to bear the brunt of some friendly criticism. I must say, however, whatever be the ostensible appearance of the breezes referred to by Mr. Sodhbans after all they were exercising a healthy check on the administration of the Federation and I know fully well that they were all well meant and calculated to promote the interest of the Federation. Now, gentlemen, before I conclude to-day's session I should like on your behalf to express our thanks first to our scrutinisers, Mr. B. Das and Mr. J. K. Mehta, who took the trouble of scrutinising the votes. Secondly, I should like on your behalf to express our thanks to the Delhi University authorities who gave us this hall and last but not least I would like to express my thanks on your behalf to our able Secretary who has been conducting his business very efficiently. I should

also like to thank the volunteers who have been performing a very difficult task of attending to the delegates during the last three days. Before I conclude I should like to read a small message which the retiring President has sent to me. He says:

MESSAGE FROM THE RETIRING PRESIDENT

"Fellow Delegates,

Allow me to apologise to you all for my inability to be present during your deliberations owing to my sudden illness. During the tenure of my Office as President of the Federation, I have received encouragement and assistance from many of you for which I owe you a debt of gratitude. The meetings of our Executive Committee were well attended; and it was very gratifying to me to find so much harmony and goodwill among our members.

During the year under review, we were unable to hold any meeting at Calcutta as most of the members found Bombay more convenient owing to a variety of circumstances. But this must not be taken to imply that we in any way belittle the importance of Calcutta as a great commercial centre.

I am aware that much of what has been done during the year has been due to the ungrudging co-operation of so many friends and I must once again thank the members of the Federation for the help and guidance they have given to me. I am particularly grateful to Mr. Birla for having presided over this Annual General Meeting in my unavoidable absence. Last but not the least I must thank Mr. Mulherkar, our Secretary. I cannot sufficiently thank him for the intelligent and hard work that he has done throughout the year willingly and cheerfully.

I regret that circumstances beyond my control should have prevented me from coming over personally to thank you all for your indulgence."

Now, gentlemen, I have lastly to thank the brother delegates who have come to this place from very long distances in this hot weather. Let us all hope, whether we meet at Karachi or Lahore or Delhi or some other place, when we meet next year we shall meet as free men in a free country. (Loud applause).

Mr. M. L. Dahanukar: Before we part we have another task to perform and it is certainly a pleasant task. We all sincerely thank the past Executive Committee who have carried on their deliberations so strenuously and at such great sacrifice in a time of big national upheaval. (Applause).

The proceedings of the Annual Session of the Federation then came to a close.

APPENDIX A

List of Member-Bodies of the Federation of Indian Chambers of Commerce and Industry with their Representatives.

Names of Members.	Names of Representatives.
1. The Ahmedabad Mill-owners' Association, Ahmedabad.	1. Sir Chinubhai Madhawlal, Baronet. 2. Sheth Kasturbhai Lalbhai. 3. Sheth Ramanlal Lallubhai. 4. Sheth Himatlal Kalidas.
2. Millowners' Association, Baroda.	1. R. R. Sheth Trikamlal Girdherlal, Zaverchand Laxmichand. 2. Sheth Chandulal Keshavlal. 3. Mr. Devidas H. Shah. 4. Mr. Ishwarabhai C. Sheth.
3. Bihar & Orissa Chamber of Commerce, Patna.	1. Hon'ble Rai Bahadur Radha Krishna Jalan. 2. Mr. B. Das, M.L.A. 3. Mr. Balkrishna Das. 4. Mr. K. C. De.
4. Behar & Orissa Mica Association, Giridih.	1. 2. 3. 4.
5. Bengal National Chamber of Commerce, Calcutta.	1. Mr. Jadu Nath Roy. 2. Mr. Nalini Ranjan Sarker. 3. Mr. P. C. Coomar. 4. Mr. K. K. Mitter.
6. Bengal Jute Dealers' Association, Calcutta.	1. Mr. Chiranjilal Layalka. 2. Mr. Prabhudayal Himatsingka. 3. Mr. Bansidhar Jalan. 4. Mr. Narayandas Bajoria.

Names of Members.	Names of Representatives.
7. Bombay Bullion Exchange Ltd., Bombay.	1. Mr. Lachhamandas Karakchand Daga. 2. Mr. Maneklal Premchand. 3. Mr. Chunilal B. Mehta. 4. Mr. Gordhandas Purshotamdas Sonawala.
8. Bombay Shroff Association, Bombay.	1. Mr. Mangaldas Motilal Sheth. 2. Mr. Chunilal B. Mehta. 3. Mr. Mohanlal Ambalal Parikh. 4. Mr. Chunilal Vrajlal Mody.
9. Burma Indian Chamber of Commerce, Rangoon.	1. Khan Bahadur Ahmed Chandoo. 2. Mr. S. A. S. Tayabji. 3. Mr. Ranchordas H. Gandhi. 4. Hon'ble Mr. A. Hamid.
10. Buyers & Shippers Chamber, Karachi.	1. Mr. Fakirjee Cowasjee. 2. Mr. C. A. Buch. 3. Mr. Jamshed N. R. Mehta. 4. Mr. Hoshang N. E. Dinshaw.
11. Delhi Hindustani Mercantile Association, Delhi.	1. L. Ram Pershad. 2. L. Ameer Chand Khosla. 3. S. Lakshmi Narain Gadodia. 4. S. Murli Dhur.
12. Delhi Factory Owners' Federation, Delhi.	1. Lala Shri Ram. 2. Sirdar Bahadur Sobha Singh. 3. Mr. N. G. Bhagat. 4. Mr. Baij Nath Syal.
13. East India Jute Assotion, Ltd., Calcutta.	1. Mr. C. S. Rangaswami. 2. Mr. J. L. Pandit. 3. Mr. Motilal Lath. 4. Mr. Basantlal Murarka.
14. Grain Merchants' Association, Bombay.	1. Mr. Nandlal Kilachand. 2. Mr. Dhanji Devsi. 3. Mr. Ratilal Mulji Gandhi. 4. Mr. Habibbhai Ismail.

Names of Members.	Names of Representatives.
15. Gwalior Chamber of Commerce, Lashkar, Gwalior. (C.I.)	1. L. Ramjidas Vaishya. 2. Mr. N. M. Shah. 3. Mr. J. P. Jhalla. 4. Mr. B. R. D. Kotawalla.
16. Indian Chamber of Commerce, Calcutta.	1. Mr. D. P. Khaitan. 2. Mr. G. D. Birla. 3. Mr. S. K. Bhatter. 4. Mr. Anandji Haridas.
17. Indian Chamber of Commerce, Coimbatore.	1. Mr. R. K. Shanmukhan Chettiyar, M. L. A. 2. Mr. P. S. G. Ganga Naidu. 3. Mr. B. A. Padmanapa Iyer. 4. Mr. V. Arunachalam Chettiar.
18. Indian Chamber of Commerce, Lahore.	1. L. Harkishan Lal. 2. Raja Sir Daya Kishen Kaul. 3. Mr. K. L. Gauba, Bar-at-Law. 4. Lt. P. S. Sodhbans.
19. Indian Chamber of Commerce in Great Britain, London.	1. Sir Shapurjee B. Billimoria, Kt., M.B.E. 2. Seth Kasturbhai Lalbhai. 3. Mr. M. A. Master. 4. Mr. Gaganvihari L. Mehta.
20. Indian Insurance Companies' Association, Bombay.	1. Mr. K. S. Ramachandra Iyer. 2. Mr. J. C. Setalvad. 3. 4.
21. Indian Merchants' Association, Chittagong.	1. Babu Jasoda Lal Ghosal. 2. 3. 4.
22. Indian Merchants' Chamber, Bombay.	1. Sir Chunilal V. Mehta, K. C. S. I. 2. Mr. Behram N. Karanjia. 3. Mr. Hooseinbhoy A. Lalljee. 4. Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E.

Names of Members.	Names of Representatives.
23. Indian Mining Federation, Calcutta.	1. Mr. S. C. Ghose. 2. Mr. A. L. Ojha. 3. Rao Bahadur D. D. Thacker. 4. Mr. K. Basu.
24. Indian National Steamship Owners' Association, Bombay.	1. Mr. Jamnadas M. Mehta, B.A., Bar-at-Law. 2. Mr. Walchand Hirachand. 3. Mr. M. A. Master, B.A., LL.B. 4. Mr. Kaikobad C. Dinshaw, J. P.
25. Indian Produce Association, Calcutta.	1. Babu Rameshwar Lal Nopany. 2. Babu Gaurishanker Dalmia. 3. Babu Goverdhandasji K. Bhatt. 4. Mr. P. D. Himatsingka.
26. Indian Tea Planters' Association, Jalpaiguri.	1. Mr. Joges Chandra Ghose, B.L. 2. Mr. Debes Chandra Ghose. 3. Mr, Biraj Kumar Banerjee, M. A., B. L. 4. Mr. Nalini Ranjan Ghose, M. A., B.L.
27. Jute Balers' Association, Calcutta.	1. Sj. Rameshwar Lal Nopany. 2. Sj. Sitaram Saksedia. 3. Sj. Madanchand Gouti. 4. Sj. Khoobchand Sethia.
28. Karachi Indian Merchants' Association, Karachi.	1. Lala Jaswantrai Churamani, M. A. 2. Mr. Srikishandas H. Lulla, M. A., LL. B. 3. Mr. R. K. Sidhwa. 4. Seth Isserdas Varindmal.
29. Maharashtra Chamber of Commerce, Bombay.	1. Mr. Walchand Hirachand. 2. Mr. M. L. Dahanukar. 3. Mr. B. S. Dabke. 4. Mr. S. P. Ogale.

Names of Members.	Names of Representatives.
30. Marwari Association, Calcutta.	1. 2. 3. 4.
31. Marwari Chamber of Commerce, Bombay.	1. Mr. Laxmandas Daga. 2. Mr. Begraj Gupta. 3. Mr. Kedarnath Agarwal. 4. Mr. Kishan Prasad.
32. Mysore Chamber of Commerce, Bangalore.	1. Mr. R. S. Maniam. 2. Mr. S. G. Sastry. 3. 4.
33. Native Share & Stock Brokers' Association, Bombay.	1. Mr. K. R. P. Shroff, J.P. 2. Mr. Rajendra Somnarayan, B. A. 3. Mr. Jagmohandas J. Kapadia. 4. Mr. Amratlal Kalidas.
34. Nattukottai Chettiyars' Association, Rangoon.	1. Mr. M. Ct. M. Chidambaram Chettiyar. 2. 3. 4.
35. Seeds Traders' Association, Bombay.	1. Mr. Ratilal Mulji Gandhi. 2. Mr. Nandlal Kilachand. 3. Mr. Gordhandas Jamnadas. 4. Mr. Nandlal M. Bhuta.
36. Sholapur Merchants' Chamber, Sholapur.	1. Mr. Gulabchand Hirachand Doshi. 2. Mr. Shivlal Bhagwandas Gandhi. 3. Mr. Nagappa Bandappa Kadadi. 4. Mr. Bhagwant Sambhuanna Kathale.

Names of Members.	Names of Representatives.
37. Southern India Chamber of Commerce, Madras.	1. Mr. V. Ramadas Pantulu, B.A., B. L. 2. Mr. M. Jamal Mahomed Sahib. 3. A. Rangaswami Iyengar. 4. Mr. Vidyasagar Pandya.
38. Southern India Skin & Hide Merchants' Association, Madras.	1. Mr. M. Jamal Mahomed Sahib. 2. Mr. M. Mahomed Ismail. 3. Mr. M. Sundaram Naidu. 4. Dewan Bahadur M. Balasundaram Naidu.
39. Telikanta Brokers' Association, Calcutta.	1. 2. 3. 4.
40. United Provinces Chamber of Commerce, Cawnpore.	1. Lala Padampat Singhania. 2. Lala Rameshwar Prasad Bagla, M. L. A. 3. Mr. K. L. Gupta, B.A., LL.B. 4. Mr. B. N. Chopra.
41. Indian Match Manufacturers' Association, Bombay.	1. Mr. H. S. Mahomed. 2. Mr. Yacoob H. Lalljee. 3. Mr. Goolamhusein Matcheswalla. 4. Mr. Aziz H. Abdoolabhoy.
42. Deccan Merchants' Association, Bombay.	1. Mr. A. R. Bhat. 2. Mr. S. M. Patkar. 3. Mr. V. R. Dangi. 4.
43. Indian Mercantile Chamber of Ceylon, Colombo.	1. 2. 3. 4.

APPENDIX B

Result of the Poll demanded by Mr. R. K. Sidhwa on the voting on the Resolution relating to Amendment of Companies Act.

THOSE WHO VOTED FOR THE RESOLUTION:—

1. Mr. K. C. De.
2. Mr. P. S. Sodhbans.
3. Mr. A. C. Khosla.
4. Mr. S. H. Lulla.
5. Mr. Ram Pershad.
6. Mr. C. S. Rangaswamy.
7. Mr. B. N. Syal.
8. Mr. R. K. Sidhwa.
9. Mr. Hoshang N. E. Dinshaw.
10. Mr. Isserdas Verindmal.
11. Mr. N. M. Shah.
12. Mr. J. P. Jhalla.
13. Mr. Fakirjee Cowasjee.
14. Mr. Rajendra Somnarayan.

THOSE WHO VOTED AGAINST THE RESOLUTION:—

1. Khan Bahadur A. Chandoo.
2. Mr. Gaganvihari L. Mehta.
3. Mr. C. A. Buch.
4. Mr. B. Das.
5. Mr. B. S. Dabke.
6. Mr. S. P. Ogale.
7. Mr. Walchand Hirachand.
8. Mr. Mahomed Ismail.
9. Mr. Balkrishna Das.
10. Mr. Begraj Gupta.

11. Mr. M. L. Dahanukar.
12. Mr. Chunilal B. Mehta.
13. Mr. B. A. Padmanapa Iyer.
14. Babu Jasoda Lal Ghosal.
15. Mr. K. L. Gupta.
16. Mr. Ramanlal Lallubhai.
17. Mr. Trikamlal Girdherlal.
18. Mr. Iswarabhai C. Sheth.
19. Sir Purshotamdas Thakurdas.
20. Mr. D. P. Khaitan.
21. Mr. B. N. Karanjia.
22. Mr. Devidas H. Shah.
23. Mr. Chandulal Keshavlal.
24. Mr. Khoobchand Sethia.
25. Mr. Santosh Chand.

APPENDIX C

OFFICE-BEARERS FOR THE YEAR 1931.

President.

Mr. M. Jamal Mahomed Saib, M.L.A.

Vice-President.

Mr. Walchand Hirachand.

Members of the Executive Committee.

1. Lala Shri Ram (Delhi Factory Owners' Federation, Delhi).
2. Mr. G. D. Birla (Indian Chamber of Commerce, Calcutta).
3. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., (Indian Merchants' Chamber, Bombay).
4. Mr. Nalini Ranjan Sarker (Bengal National Chamber of Commerce, Calcutta).
5. Sir Chunilal V. Mehta, K.C.S.I., (Indian Merchants' Chamber, Bombay).
6. Mr. Kasturbhai Lalbhai (Ahmedabad Millowners' Association, Ahmedabad).
7. Mr. Ranchordas H. Gandhi (Burma Indian Chamber of Commerce, Rangoon).
8. Mr. M. A. Master (Indian National Steamship Owners' Association, Bombay).
9. Mr. Fakirjee Cowasjee (Buyers' and Shippers' Chamber, Karachi).
10. Mr. Hooseinbhoy A. Lalljee (Indian Merchants' Chamber, Bombay).
11. Mr. M. L. Dahanukar (Maharashtra Chamber of Commerce, Bombay).

Honorary Treasurers.

1. Mr. D. P. Khaitan (Indian Chamber of Commerce, Calcutta).
2. Mr. R. L. Nopany (Indian Produce Association, Calcutta).

Co-Opted Members.

1. Mr. B. Das, M.L.A. (Bihar and Orissa Chamber of Commerce, Patna).
2. Raja Sir Daya Kishen Kaul, K.B.E., C.I.E., D.B. (Indian Chamber of Commerce, Lahore)
3. Lala Padampat Singhania (U. P. Chamber of Commerce, Cawnpore).
4. Mr. Ambalal Sarabhai, Ahmedabad.
5. Mr. Mahomed Ismail (Southern India Skin and Hide Merchants' Association, Madras).
6. Mr. Jogesh Chandra Ghose (Indian Tea Planters' Association, Jalpaiguri).

Secretary

Mr. D. G. Mulherkar.

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